

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Southern California Gas Company  
(U 904 G) and San Diego Gas & Electric Company  
(U 902 G) for Authority to Revise their Natural Gas  
Rates Effective January 1, 2017 in this Triennial  
Cost Allocation Proceeding Phase 2

A.15-07-014

(Filed July 8, 2015)

**JOINT MOTION OF SOUTHERN CALIFORNIA GAS COMPANY (U 904 G),  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G), OFFICE OF RATEPAYER  
ADVOCATES, THE UTILITY REFORM NETWORK, CALIFORNIA  
MANUFACTURERS & TECHNOLOGY ASSOCIATION, CITY OF LONG BEACH  
GAS & OIL DEPARTMENT, CLEAN ENERGY FUELS CORP., INDICATED  
SHIPPERS, SOUTHERN CALIFORNIA EDISON COMPANY (U 338 E), SOUTHERN  
CALIFORNIA GENERATION COALITION, SOUTHWEST GAS CORPORATION (U  
905 G), AND THE WESTERN MANUFACTURED HOUSING COMMUNITIES  
ASSOCIATION FOR ADOPTION OF TCAP PHASE 2 SETTLEMENT AGREEMENT**

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ASSOCIATION FOR ADOPTION OF TCAP PHASE 2 SETTLEMENT AGREEMENT**

Pursuant to Article 12 of the Commission's Rules of Practice and Procedure, Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), California Manufacturers & Technology Association (CMTA), City of Long Beach Gas & Oil Department (LB),<sup>1</sup> Clean Energy Fuels Corp. (Clean Energy), Indicated Shippers, Southern California Edison Company (SCE), Southern California Generation Coalition (SCGC), Southwest Gas Corporation (SWG), and The Western Manufactured Housing Communities Association (WMA) (collectively the Settling Parties) hereby move the Commission to adopt the Settlement Agreement (Settlement) attached hereto in Attachment A, which provides a recommended resolution of most of the issues in this proceeding.<sup>2</sup> The contested issues in this proceeding not resolved by this Settlement are the following residential rate design issues: SoCalGas and SDG&E's proposal for \$10 per

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<sup>1</sup> The City of Long Beach Gas & Oil Department's inclusion as a Settling Party is contingent on the approval of the Settlement by the Long Beach City Council.

<sup>2</sup> In accordance with Rule 1.8 of the Commission's Rules of Practice and Procedure SoCalGas and SDG&E have been authorized to submit this Joint Motion on behalf of all Settlement Parties.

month residential customer charges at each utility; and the appropriate calculation for the differential between the baseline and non-baseline rate tiers.

## **I. BACKGROUND**

SoCalGas and SDG&E filed their Application to Revise Their Natural Gas Rates Effective January 1, 2017 in this Triennial Cost Allocation Proceeding Phase 2 (Application) on July 8, 2015. In support of the Application, SoCalGas and SDG&E served prepared testimony to interested parties. Protests and responses to the Application were filed on August 13, 2015, and SoCalGas and SDG&E filed a Reply on August 24, 2015. A prehearing conference (PHC) was noticed and held on September 9, 2015, to discuss the issues raised by the Application and by the parties' protests and responses, the need for evidentiary hearings, and the schedule for resolving the issues.

An Assigned Commissioner's Scoping Memo and Ruling (Scoping Memo) was issued on October 2, 2015. The Scoping Memo identified the issues to be considered in this proceeding, set a procedural schedule, determined the category of the proceeding as ratesetting, and determined there was a need for hearings. The Scoping Memo also noted that Public Participation Hearings (PPH) would be held, and a subsequent Administrative Law Judge (ALJ) Ruling on November 23, 2015, established that PPHs would be held on February 9, 2016 in Garden Grove and on February 10, 2016, in San Diego.

Intervenor testimony was submitted on March 11, 2016, by ORA, TURN, SCGC, Long Beach, and Clean Energy. Rebuttal testimony was submitted on April 11, 2016, by SoCalGas and SDG&E, SCGC, Long Beach, and WMA.

On March 9, 2016, the assigned ALJ issued a Ruling requiring SoCalGas and SDG&E to serve written testimony identifying the normal, previously authorized costs to own and operate

Aliso Canyon that SoCalGas and SDG&E seek to recover in the rates and charges adopted in this proceeding. The primary intention of the ruling was noted as being to require SoCalGas and SDG&E to identify all business-as-usual costs for Aliso Canyon that are embedded in Application 15-07-014 but may not be allocated to a single rate, charge, or customer class. SoCalGas and SDG&E submitted Supplemental Testimony in response to this Ruling on March 28, 2016. Reply Testimony was submitted by TURN and SCGC on April 12, 2016.

Evidentiary hearings had been originally scheduled for May 2-6 and May 9-13, 2016, but were rescheduled by an ALJ Ruling to June 1-3 and June 6-7, 2016, in order to permit the parties to engage in settlement discussions. SoCalGas and SDG&E invited all parties to an initial meeting on April 21, 2016, to discuss the potential settlement of issues. This initial meeting was followed by a series of additional settlement meetings. On May 11, 2016, SoCalGas and SDG&E served a Notice of Settlement Conference pursuant to Rule 12. That Settlement Conference was held telephonically on May 19, 2016.

## **II. THE SETTLEMENT IS REASONABLE IN LIGHT OF THE WHOLE RECORD, CONSISTENT WITH LAW, AND IN THE PUBLIC INTEREST**

Rule 12.1(d) states that the Commission will not approve a settlement “unless the settlement is reasonable in light of the whole record, is consistent with law, and in the public interest.” As discussed below, the Settlement meets these criteria.

The Commission has consistently recognized the “strong public policy favoring the settlement of disputes to avoid costly and protracted litigation.”<sup>3</sup> This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing parties to reduce the risk that litigation will produce unacceptable

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<sup>3</sup> D.88-12-083, mimeo., at 54. *See also* D.11-05-018, mimeo., at 16.

results.<sup>4</sup> Moreover, in assessing settlements, the Commission evaluates the *entire* agreement, and not just its individual parts:

In assessing settlements we consider individual settlement provisions but, in light of strong public policy favoring settlements, we do not base our conclusion on whether any single provision is the optimal result. Rather, we determine whether the settlement as a whole produces a just and reasonable outcome.<sup>5</sup>

**A. The Settlement is Reasonable in Light of the Record**

The SoCalGas and SDG&E application and supporting testimony, the testimony sponsored by the non-utility parties, and the utilities' and non-utility parties' respective rebuttal testimony, together with the Settlement and this motion, contain the information necessary for the Commission to find the Settlement reasonable in light of the record. Prior to entering into the Settlement, the parties devoted substantial time and effort to working collaboratively to identify and achieve a better common understanding of the range of issues in dispute, the various options for narrowing the number of disputed issues, and opportunities to develop compromise positions that would permit resolution of the disputed issues. The Settlement is a product of those efforts; the success of those efforts is largely attributable to the quality of the information and analysis set forth in the prepared testimony submitted by the various parties on the issues covered by the Settlement. As described more fully in the summary of the Settlement that follows, the specific outcomes on the issues covered by the Settlement are within the range of positions and outcomes defined by that prepared testimony and the related positions taken by the Settlement Parties.

**B. The Settlement is Consistent with Law**

The Settling Parties are represented by experienced CPUC counsel, and believe that the terms of the Settlement comply with all applicable statutes and prior Commission decisions, and

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<sup>4</sup> D.92-12-019, mimeo., at 7-8.

<sup>5</sup> D.10-04-033, mimeo., at 9.

reasonable interpretations thereof. In agreeing to the terms of the Settlement, the Settling Parties considered relevant statutes and Commission decisions and believe that the Settlement is fully consistent with those statutes and prior Commission decisions.

**C. The Settlement is in the Public Interest**

The Commission has determined that a settlement that “commands broad support among participants fairly reflective of the affected interests” and “does not contain terms which contravene statutory provisions or prior Commission decisions” meets the “public interest” criterion.<sup>6</sup> Here, all of the active parties who took positions on the issues covered by the Settlement have joined this motion and have signed the attached Settlement indicating that they believe the agreement represents a reasonable compromise of their respective positions.<sup>7</sup> The range of Settling Parties should provide the Commission comfort, as it includes the applicant utilities and representatives of impacted customer groups that are well-known to the Commission and bring years (and, in some cases, decades) of experience in Commission proceedings to their work here.

The Settlement, if adopted by the Commission, avoids the cost of further litigation, and frees up Commission resources for other proceedings. The Settlement frees up the time and resources of other parties as well, so that they may focus on other Commission proceedings.

**D. The Settlement Should be Adopted without Modification**

Though each section is discussed separately in the summary below, the Settlement is presented as a whole, and Settling Parties request that it be reviewed and adopted as a whole. Each provision of the Settlement is dependent on the other provisions of the Settlement; thus modification of any one part of the Settlement would harm the balancing of interests and

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<sup>6</sup> D.10-06-015, mimeo., at 11-12, *citing* D.92-12-019, mimeo., at 7.

<sup>7</sup> One party, Shell Energy North America (US), L.P. (Shell) is not a signatory to this Settlement. However, it is the understanding of the Settling Parties that Shell does not oppose the Settlement.

compromises achieved in the Settlement. The various provisions reflect specific compromises between litigation positions and differing interests; in some instances the proposed outcome reflects a party's concession on one issue in consideration for the outcome provided on a different issue. As described further in the following sections, the proposed outcome on each issue is reasonable in light of the entire record. Accordingly, the Commission should consider and approve the Settlement as a whole, with no modification.

**E. The Settlement is Reasonable and Promotes the Public Interest**

The Settlement represents agreement among all parties that submitted testimony in this proceeding, and all but one party participating in settlement discussions.<sup>8</sup> In settlement negotiations, each party adhered to their individual litigation position as the starting point for discussion of SoCalGas and SDG&E's proposals. Through the negotiation process, however, the Settling Parties were able to identify preferred outcomes that, if adopted, would represent an acceptable resolution for each party involved in the settlement discussions. Each provision of the Settlement is dependent on the other provisions of the Settlement; thus modification of any one part of the Settlement would harm the balancing of interests and compromises achieved in the Settlement. The various provisions reflect specific compromises between litigation positions and differing interests; the Settling Parties believe the provisions of the Settlement are reasonable and supported by the record. Accordingly, the Settlement should be considered and approved as a whole by the Commission as reasonable in light of the entire record, with no modification.

The Settlement represents agreement among the Settling Parties regarding resolution of issues and reflects a compromise among the litigation positions taken by the Settling Parties in this proceeding in a manner that promotes the public interest. Longstanding Commission policy

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<sup>8</sup> As noted above, Shell is not a signatory to the Settlement, but it is the understanding of the Settlement Parties that Shell does not oppose the Settlement.



favors settlements. The Settlement is therefore reasonable in light of the whole record and promotes the public interest as required by Rule 12.1(d). The issues addressed in this Settlement are discussed below.

**F. Summary of the Proposed Settlement (Contested Items)**

Settling Parties seek Commission approval of the terms set forth in the attached Settlement. The Settlement is organized in two sections: Contested Items and Uncontested Items. As such, those sections are separately summarized in this Motion. The items identified as Contested are summarized below.

**1. Rates**

In its testimony, Clean Energy proposed allowing Natural Gas Vehicle (NGV) customers to elect noncore service (NGV customers are currently limited to core service) and proposed to shield NGV rates from amortization of weather-related under- or over-collections in the Core Fixed Cost Account (CFCA).<sup>9</sup> Upon review of Clean Energy's proposals, SoCalGas and SDG&E responded in rebuttal testimony that it could be possible to create a separate subaccount in the Core Fixed Cost Accounts (CFCA) at each utility to record the cost and revenue activity related to the NGV customer class; a separate subaccount in the CFCA would then record the cost and revenue activity related to all other core classes.<sup>10</sup> However, SoCalGas and SDG&E opposed Clean Energy's proposal to allow NGV customers to elect noncore service.<sup>11</sup> The Settling Parties propose that NGV customers remain on the G-NGV core rate schedule (i.e. not given the option to elect noncore service), but that SoCalGas and SDG&E establish two subaccounts in the CFCA as described above. The NGV subaccount of the CFCA would be allocated only to the NGV customer class, while the non-NGV core subaccount of the CFCA

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<sup>9</sup> Clean Energy direct testimony (Mitchell) at 4.

<sup>10</sup> SoCalGas/SDG&E rebuttal testimony (Ahmed) at 2.

<sup>11</sup> SoCalGas/SDG&E rebuttal testimony (Bonnett) at 10-11.

would be allocated to all non-NGV core customer classes using the current methodology of Equal Cents Per Therm (ECPT).

SoCalGas and SDG&E submitted direct testimony that included a cost study to update the Core Brokerage Fee.<sup>12</sup> TURN proposed in its testimony that the Core Brokerage Fee study include cash working capital for gas commodity, which would slightly increase the Core Brokerage Fee and decrease end-use transportation rates.<sup>13</sup> SoCalGas and SDG&E opposed TURN's proposal in rebuttal testimony.<sup>14</sup> As part of the Settlement, parties propose that the Core Brokerage Fee include cash working capital associated with the gas commodity, and be set at the level proposed by TURN, or \$0.00204 per therm (excluding franchise fees and uncollectibles).

SoCalGas and SDG&E submitted direct testimony that included a cost study to update the submeter credits.<sup>15</sup> In intervenor testimony, ORA proposed that, to the extent the update to the submeter credits is impacted by the proposal to calculate marginal customer capital-related costs using the Rental method rather than the New Customer Only (NCO) method, the update to the submeter credits should instead be based on the NCO method.<sup>16</sup> In rebuttal testimony, WMA disagreed, proposing that the submeter credits remain as calculated and proposed by SoCalGas and SDG&E, stating that the NCO method is inappropriate for this purpose.<sup>17</sup> As part of the comprehensive Settlement, Settling Parties propose that SoCalGas' submeter credit be \$0.27386/meter/day. Settling Parties also propose that SDG&E's submeter credits be

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<sup>12</sup> SoCalGas/SDG&E direct testimony (Payan) at 12-13.

<sup>13</sup> TURN direct testimony (Marcus) at 14-15.

<sup>14</sup> SoCalGas/SDG&E rebuttal testimony (Payan) at 1.

<sup>15</sup> SoCalGas/SDG&E direct testimony (Bonn timer) at 12-13.

<sup>16</sup> ORA direct testimony (Sabino) at 84-85.

<sup>17</sup> WMA rebuttal testimony (McCann) at 4.

\$0.38268/meter/day for multi-family (GS) customers and \$0.40932/meter/day for mobilehome (GT) customers.

Finally, SoCalGas and SDG&E submitted direct testimony that included a cost study to update their NGV Compression Rate Adders.<sup>18</sup> In intervenor testimony, ORA stated that it was unclear from the data presented in the SoCalGas and SDG&E workpapers on the NGV Compression Rate Adder whether the NGV stations that primarily service SoCalGas' and SDG&E's NGV fleets were properly excluded from the calculation, and stated that they were unable to verify that the update to the NGV compression rate adder was appropriate.<sup>19</sup> In rebuttal testimony, SoCalGas and SDG&E noted that the compression rate adders were derived by separating capital cost and O&M costs for stations that include public access.<sup>20</sup> Settling Parties propose that the NGV Compression Rate Adders be set for the term of this Settlement at the levels proposed by SoCalGas and SDG&E, which exclude subsidies from ratepayers. SoCalGas' Compression Rate Adder is therefore \$1.03134 per therm, while SDG&E's Compression Rate Adder is \$1.03712 per therm.

## **2. Cost Allocation**

In their application and supporting testimony, SoCalGas and SDG&E offered several proposals related to cost allocation and set forth a detailed showing in support of these proposals. The testimony submitted by intervenors in this proceeding reflected a wide range of views regarding the proposals made by SoCalGas and SDG&E. This Settlement proposes resolution of cost allocation issues related to long run marginal costs (LRMC) and embedded costs in a comprehensive manner.

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<sup>18</sup> SoCalGas/SDG&E direct testimony (Bonnett) at 13-14.

<sup>19</sup> ORA direct testimony (Sabino) at 85-86.

<sup>20</sup> SoCalGas/SDG&E rebuttal testimony (Bonnett) at 9.

With respect to LRMC, SoCalGas and SDG&E presented testimony which proposed utilizing a LRMC study based upon the Rental methodology to determine customer-related marginal unit costs and allocate base margin costs among SDG&E<sup>21</sup> and SoCalGas<sup>22</sup> customers. SCGC submitted testimony in support of SoCalGas and SDG&E's proposed use of the rental method to determine customer-related long run marginal costs.<sup>23</sup>

ORA, TURN, and Long Beach each proposed using a version of the New Customer Only (NCO) method to determine customer-related marginal unit costs. ORA recommended that the Commission rely on the NCO method absent a replacement cost adder.<sup>24</sup> TURN proposed use of the NCO method with a replacement cost adder.<sup>25</sup> Long Beach expressed no position on the theoretical or practical superiority of any of the proposed methods but stated that the Commission has historically opted for the NCO Method and should require that the NCO Method be used in this instance as well.<sup>26</sup> In addition to their NCO proposal, TURN provided a detailed showing with multiple proposed modifications to the calculation of the marginal unit costs. In rebuttal, SoCalGas and SDG&E offered testimony which provided additional support for use of the rental method as the method most consistent with the Commission's cost causation principles,<sup>27</sup> as well as responded to TURN's additional LRMC related proposals.<sup>28</sup>

With respect to transmission costs, SoCalGas and SDG&E provided a detailed embedded cost study, including proposals for the functionalization of the resulting embedded costs as either

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<sup>21</sup> SoCalGas/SDG&E direct testimony (Schmidt-Pines) at 3-5.

<sup>22</sup> SoCalGas/SDG&E direct testimony (Chaudhury) at 7.

<sup>23</sup> SCGC rebuttal testimony (Yap) at 8-11.

<sup>24</sup> ORA direct testimony (Sabino) at 39-41.

<sup>25</sup> TURN direct testimony (Marcus) at 27.

<sup>26</sup> Long Beach direct testimony (Fulmer) at 9.

<sup>27</sup> SoCalGas/SDG&E rebuttal testimony (Chaudhury) at 1-4.

<sup>28</sup> SoCalGas/SDG&E rebuttal testimony (Chaudhury) at 5-10.

backbone transmission costs or local transmission costs.<sup>29</sup> ORA agreed with the Applicants' embedded transmission costs and the allocation of embedded transmission costs between local and backbone transmission.<sup>30</sup> TURN provided testimony proposing modifications to the embedded cost of transmission that would generally serve to increase the resulting embedded costs.<sup>31</sup> In rebuttal, SoCalGas and SDG&E offered testimony opposing each of TURNs proposals related to the transmission embedded cost study.<sup>32</sup> Additionally, SCGC,<sup>33</sup> and Long Beach<sup>34</sup> responded in opposition to several of TURNs proposed modifications to the transmission embedded cost study.

Through the Settlement process, Settling Parties were able to identify certain outcomes pertaining to the LRMC and embedded cost studies that, if adopted as a package, would represent an acceptable resolution for each party involved in the settlement discussions. Accordingly, the Settling Parties have taken a "black box" approach to reaching settlement and have agreed to certain modifications to their original cost allocation proposals that are expressly intended to achieve these preferred outcomes. Specifically, Settling Parties agree to a set of Marginal Unit Costs and intra-class adjustments that are provided as Appendix A and B to the Settlement, respectively. Settling Parties agree that during the term of this Settlement, SoCalGas' embedded cost of transmission is \$245.933 million, and is functionalized as \$171.727 million backbone transmission and \$74.206 million local transmission. Further, Settling Parties agree that during the term of this Settlement, SDG&E's embedded cost of transmission is \$46.266 million and is functionalized entirely as backbone transmission. Finally, illustrative

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<sup>29</sup> SoCalGas/SDG&E direct testimony (Fung) at 12.

<sup>30</sup> ORA direct testimony (Sabino) at 47-55.

<sup>31</sup> TURN direct testimony (Marcus) at 8-9.

<sup>32</sup> SoCalGas/SDG&E rebuttal testimony (Fung) at 1-6.

<sup>33</sup> SCGC rebuttal testimony (Yap) at 1-7.

<sup>34</sup> Long Beach rebuttal testimony (Fulmer) at 2-4.

rates based upon these cost allocation provisions are shown in Appendix C to the Settlement.<sup>35</sup>

Settling Parties further clarify that agreement to these LRMC, marginal unit cost, and embedded transmission cost figures and this Settlement as a whole is not meant by the parties to indicate their approval or acceptance of any of the various cost allocation or embedded cost proposals, principles, or methodologies offered in this proceeding.

### **3. System Operator Gas Account (SOGA)**

SoCalGas and SDG&E made a series of proposals related to buying and selling gas to resolve California Producer Operational Balancing Agreements (CPOBA) cashout activity and pipeline Operational Balancing Agreements (OBA) imbalances. SoCalGas and SDG&E proposed that the System Operator be granted the authority in Rule No. 41 to buy and sell gas at the SoCalGas City Gate in support of this activity,<sup>36</sup> proposed the establishment of a new balancing account to record the costs and revenues resulting from this activity,<sup>37</sup> and proposed a cost allocation methodology for the balancing account.<sup>38</sup> ORA did not take a position on the proposed allocation method for the SOGA, believing it would be premature to assume the approval of the underlying request for modification of Rule No. 41 at this time.<sup>39</sup> SCGC did not oppose the requested authority, but proposed limitations to the costs that could be recorded in the SOGA.<sup>40</sup> SoCalGas and SDG&E in rebuttal testimony clarified the types of costs that would and

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<sup>35</sup> As noted previously, SoCalGas and SDG&E's proposal for \$10 per month residential customer charges at each utility and the calculation of the differential between baseline and non-baseline rate tiers are contested items not covered by the Settlement. The illustrative residential rates shown in Appendix C assume maintaining the current \$0.16438 per meter per day (approximately \$5 per month) customer charge at SoCalGas and the current \$0 per month customer charge at SDG&E, as well as the current calculation of the differential between baseline and non-baseline rate tiers. Actual residential rates will be updated to reflect the Commission's decision regarding these contested residential rate design issues.

<sup>36</sup> SoCalGas/SDG&E direct testimony (Borkovich) at 9-10.

<sup>37</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 19.

<sup>38</sup> SoCalGas/SDG&E direct testimony (Bonnett) at 15-16.

<sup>39</sup> ORA direct testimony (Sabino) at 86.

<sup>40</sup> SCGC direct testimony (Yap) at 10-12.

would not be included in the SOGA.<sup>41</sup> Settling Parties agree to grant the System Operator the ability to buy and sell gas at the SoCalGas City Gate to resolve CPOBA cashout activity and pipeline OBA imbalances. This authority will be included in SoCalGas Rule No. 41. Settling Parties also agree that SoCalGas may establish the SOGA to record the costs and revenues related to this activity, and further agree that the SOGA preliminary statement will be clarified to limit the costs and revenues recorded in the SOGA to those directly associated with buying and selling gas in support of cashing out of California producer imbalances or pipeline operating imbalances. Finally, Settling Parties agree that the SOGA will be allocated to SoCalGas' transportation rates using the ECPT methodology.

#### **4. Aliso Canyon-Related Cost Identification**

In response to the March 9, 2016, assigned ALJ Ruling Directing the Applicants to Serve Written Testimony Regarding Aliso Canyon (March 9 Ruling) requiring written testimony identifying the normal, previously authorized costs to own and operate Aliso Canyon, SoCalGas and SDG&E submitted Supplemental Testimony identifying the portion of General Rate Case (GRC) authorized base margin associated with the normal, previously authorized costs to own and operate Aliso Canyon,<sup>42</sup> the impact of this base margin component and costs related to the Aliso Canyon Turbine Replacement (ACTR) project on the embedded cost of storage,<sup>43</sup> and the corresponding rate impacts.<sup>44</sup> TURN submitted reply testimony asking the Commission to determine if the results of calculating the Aliso Canyon-related costs included in the 2016 GRC proceeding (A.14-11-003/004) proposed settlement's base margin for 2016 or attrition-adjusted

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<sup>41</sup> SoCalGas/SDG&E rebuttal testimony (Ahmed) at 3-4.

<sup>42</sup> SoCalGas/SDG&E supplemental testimony (Nguyen) at 4.

<sup>43</sup> SoCalGas/SDG&E supplemental testimony (Fung) at 3.

<sup>44</sup> SoCalGas/SDG&E supplemental testimony (Bonnett) at Attachment A.

figures for 2017 and 2018 may be helpful,<sup>45</sup> and suggesting the Commission direct SoCalGas and SDG&E to provide updated information about the current status of the ACTR project.<sup>46</sup> SCGC submitted reply testimony suggesting modifications to the normal, previously authorized costs to own and operate Aliso Canyon identified by SoCalGas and SDG&E.<sup>47</sup>

For the purposes of responding to the Ruling, Settling Parties agree that \$70.8 million represents a capacity-based and embedded cost-based approximation of the total of the normal, previously approved costs to own and operate Aliso Canyon that would be included in the rates and charges adopted in this proceeding for the years 2017, 2018, and 2019. The \$70.8 million total includes \$43.8 million for Aliso Canyon operations estimated based on 2013 embedded storage costs, and \$27 million for the ACTR project that is anticipated to go into service and become eligible for rate recovery by January 1, 2017.

The Settlement notes that the pending Proposed Decision in A.14-12-017 would adopt a proposed settlement that includes \$83.6 million as a total embedded cost of storage for 2017-2019 (excluding costs of the ACTR). The \$43.8 million figure for Aliso Canyon current operations is calculated using the same general approach: 1/3 of the total costs are allocated to each of the inventory, injection, and withdrawal function. The amount then allocated to Aliso Canyon is based on its assumed contributions to total firm storage capacities prior to the October 2015 leak discovery. Settling Parties agree to not be precluded from making any arguments with respect to such Aliso Canyon costs in any future proceeding.<sup>48</sup>

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<sup>45</sup> TURN direct testimony (Finkelstein) at 4.

<sup>46</sup> TURN direct testimony (Finkelstein) at 5.

<sup>47</sup> SCGC supplemental testimony (Yap) at 7.

<sup>48</sup> D.16-03-031 in this proceeding established a memorandum account to track SoCalGas' authorized revenue requirement and all revenues that SoCalGas receives for its normal, business-as-usual costs to own and operate the Aliso Canyon gas storage field. In that decision, the Commission explained that it will determine at a later time whether, and to what extent, the tracked authorized revenue requirement and



## 5. Other Provisions

SoCalGas<sup>49</sup> and SDG&E<sup>50</sup> proposed refund methodologies for actual revenues received from the assessment of penalties for violation of several curtailment events that had recently occurred. While it is typical to refund curtailment penalty revenues as a bill credit to those customers that complied with the curtailment order, one curtailment event at SoCalGas only resulted in \$24 in curtailment charges, which were proposed to instead be transferred to the Noncore Fixed Cost Account (NFCA) and amortized in transportation rates.<sup>51</sup> SCGC recommended that a policy be developed such that revenues generated in a particular curtailment event by customers who violated the curtailment order shall be credited directly to customers who complied with the curtailment order in that event unless the bill credit refunding those revenues is *de minimis*.<sup>52</sup> SoCalGas and SDG&E offered in rebuttal testimony that unless and until policy and operational changes proposed in A.15-06-020 are approved and implemented, if the curtailment charges collected are \$100 or less or the refund amount per customer based on a simple average of dividing the curtailment charges by the number of customers who complied with the curtailment order is \$10 or less, then the curtailment charges will be transferred to the NFCA for amortization in transportation rates.<sup>53</sup> Settling Parties propose to adopt this policy as part of the Settlement.

SCGC submitted testimony proposing that, as of 2017, the SoCalGas Gas Acquisition department be required to utilize whatever daily core usage data is available through the Advanced Metering Infrastructure (AMI) system in its balancing of core deliveries against core

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revenues should be refunded to SoCalGas' customers with interest. D.16-03-031, mimeo., at 9 (Ordering Paragraph 3).

<sup>49</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 17-19.

<sup>50</sup> SoCalGas/SDG&E direct testimony (Niederle) at 16.

<sup>51</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 19.

<sup>52</sup> SCGC direct testimony (Yap) at 15.

<sup>53</sup> SoCalGas/SDG&E rebuttal testimony (Ahmed) at 3.

usage.<sup>54</sup> SoCalGas and SDG&E opposed this proposal in rebuttal testimony.<sup>55</sup> Settling Parties propose that this issue be deferred to A.15-06-020 (SoCalGas and SDG&E curtailment rules update application) in which a 26-party settlement submitted to the Commission on April 29, 2016, proposes, among other things, an upcoming phase to deal with winter reliability issues.

SoCalGas and SDG&E submitted testimony proposing to design and build a system to allow the aggregation of producer interconnect meters to calculate operational imbalances according to California Producer Operational Balancing Agreement (CPOBA) requirements on an aggregated basis.<sup>56</sup> This testimony was submitted in compliance with Ordering Paragraphs 9 and 14 of D.15-06-004, which approved SoCalGas and SDG&E's Low Operational Flow Order (OFO) and Emergency Flow Order (EFO) requirements, and directed SoCalGas and SDG&E to apply the low OFO and EFO requirements to California producers but to make the issue of whether to aggregate the California producers' meters as part of the upcoming Phase 2 TCAP. The Indicated Shippers submitted a Motion for Party Status on May 4, 2016, in which they noted that the issue of producer meter aggregation can and should be deferred to a later proceeding.<sup>57</sup> The Indicated Shippers noted that it was a result of their testimony in A.14-12-017 that the producer aggregation issue was even scoped for the instant proceeding.<sup>58</sup> The Indicated Shippers' Motion for Party Status was granted by an assigned ALJ email ruling on May 9, 2016. No other party had submitted testimony on this issue, either in support or opposition. Settling Parties agree that, during the settlement term, SoCalGas will not implement a system to allow the aggregation of producer interconnect meters to calculate operational imbalances.

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<sup>54</sup> SCGC direct testimony (Yap) at 9.

<sup>55</sup> SoCalGas/SDG&E rebuttal testimony (Borkovich) at 1.

<sup>56</sup> SoCalGas/SDG&E direct testimony (Borkovich) at 6-9.

<sup>57</sup> Motion for Party Status of the Indicated Shippers at 3.

<sup>58</sup> Motion for Party Status of the Indicated Shippers at 3.

## **G. Summary of the Proposed Settlement (Uncontested Items)**

Settling Parties acknowledge that several aspects of SoCalGas and SDG&E's Application were not contested by intervenor testimony. For the reasons provided in SoCalGas and SDG&E's Application and supporting testimony, Settling Parties propose that each of the following uncontested proposals be adopted by the Commission:

1. SoCalGas' and SDG&E's noncore transportation revenue requirements shall continue to be subject to 100% balancing account treatment.<sup>59</sup>
2. SoCalGas' and SDG&E's forecasts of core and noncore demand as presented in direct testimony and included as Appendix D to the Settlement will be used to set transportation rates during the term of this TCAP.<sup>60</sup>
3. The Unaccounted-For (UAF) gas percentages are updated to be 0.835% for SoCalGas and 0.532% for SDG&E. The percentage allocations for SoCalGas are 71.1% core and 28.9% noncore; the percentage allocations for SDG&E are 76.71% core and 23.29% noncore. The resulting UAF factors for SoCalGas are 0.594% for the core and 0.241% for the noncore. For SDG&E, the resulting factors are 0.408% for the core and 0.124% for the noncore.<sup>61</sup>
4. Backbone Transportation Service (BTS)
  - a. Discounts to interruptible and firm BTS contracts (with and without alternate receipt point rights) will be included in the Backbone Transmission Balancing Account (BTBA), which will be reflected in BTS rate the following year.<sup>62</sup>
  - b. The BTS denominator will be represented as an estimated average BTS subscription/utilization based on BTS firm SFV contracts, scheduled MFV, and interruptible throughput.<sup>63</sup>
  - c. All references to long-term intrastate transportation agreements (LTKs) in the Schedule No. G-BTS are eliminated.<sup>64</sup>

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<sup>59</sup> SoCalGas/SDG&E direct testimony (Marelli).

<sup>60</sup> SoCalGas/SDG&E direct testimony (Teplow), SoCalGas/SDG&E direct testimony (Payan), SoCalGas/SDG&E direct testimony (Huang), and SoCalGas/SDG&E direct testimony (Wetzel).

<sup>61</sup> SoCalGas/SDG&E direct testimony (Wetzel) at 18.

<sup>62</sup> SoCalGas/SDG&E direct testimony (Fung) at 14.

<sup>63</sup> SoCalGas/SDG&E direct testimony (Fung) at 12-13.

<sup>64</sup> SoCalGas/SDG&E direct testimony (Borkovich) at 4.

- d. Schedule No. G-BTS is modified to assign BTS open season Step 2 bidding rights directly to balancing agents based on their respective customer balancing responsibilities.<sup>65</sup>

## 5. Regulatory Accounts

- a. A true-up mechanism to amortize in rates the additional unamortized over- or undercollection that remains in the Core Fixed Cost Account (CFCA) at the end of each year is adopted. If the unamortized portion of the CFCA balance is greater than 10% of the total amount of the authorized margin recorded in the CFCA for the last four months of the year at SoCalGas, or 15 % of the total amount of the authorized margin recorded in the CFCA for the last four months of the year at SDG&E, then SoCalGas and/or SDG&E will file an advice letter proposing to update rates for the unamortized portion(s) of the CFCA balance(s). SoCalGas and/or SDG&E will file a Tier 2 advice letter by February 28th in the following year requesting the rate update to be effective April 1. Rates will be updated to reflect recovery or refund of the unamortized portion of the CFCA balance over the remaining nine months of the year.<sup>66</sup>
- b. The residual balance of the 2008-2011 program cycle of the RDDEA is transferred to the CFCA and NFCA based on the allocation methodology consistent with this account and eliminate the 2008-2011 program cycle.<sup>67</sup>

## 6. Curtailment Penalty Refunds

- a. SoCalGas will refund \$1.4 million, including interest, of curtailment charges stemming from a December 27, 2012 localized curtailment of interruptible noncore customers in the northern San Joaquin Valley (SJV) system as a bill credit to those noncore customers who curtailed. Each customer's refund amount will be a pro-rata share of the balance based on its usage in a comparable non-curtailment period.<sup>68</sup>
- b. SoCalGas will refund approximately \$0.2 million of curtailment penalties for two curtailment events of Standby Procurement Service (one beginning December 7, 2013, the other beginning February 6, 2014) by transferring the amount including interest to the CFCA and NFCA and amortize these regulatory account balances in transportation rates over a 12-month period beginning

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<sup>65</sup> SoCalGas/SDG&E direct testimony (Borkovich) at 5.

<sup>66</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 5; SoCalGas/SDG&E direct testimony (Niederle) at 5.

<sup>67</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 17.

<sup>68</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 17.

on January 1, 2017 (or, the first January 1 following Commission approval of this Settlement). The allocation between the CFCA and NFCA will be based on customer usage that occurred in December 2012 and February 2013 for those CAT customers and noncore customers who were asked to curtail and complied with the curtailment order, respectively.<sup>69</sup>

- c. SoCalGas will refund \$24 in curtailment charges related to a November 3, 2014, localized partial curtailment on interruptible noncore customers in order to facilitate Pipeline Safety Enhancement Plan work by transferring the amount to the NFCA and amortizing the balance in transportation rates over a 12-month period beginning January 1, 2017 (or, the first January 1 following Commission approval of this Settlement).<sup>70</sup>
- d. SDG&E will refund \$0.1 million in curtailment charges related to all of the curtailment violations during the prior TCAP period by transferring the amount to the NFCA and amortizing the balance in transportation rates over a 12-month period beginning January 1, 2017 (or, the first January 1 following Commission approval of this Settlement).<sup>71</sup>

### III. CONCLUSION

As shown herein, the Settlement is reasonable in light of the whole record, is consistent with law, promotes the public interest, and should be approved the Commission.

Respectfully submitted,

By: /s/ Michael R. Thorp  
**MICHAEL R. THORP**

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**Dated:** May 27, 2016

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<sup>69</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 18.

<sup>70</sup> SoCalGas/SDG&E direct testimony (Ahmed) at 19.

<sup>71</sup> SoCalGas/SDG&E direct testimony (Niederle) at 16.

# **Attachment A**

TCAP Ph. 2 Settlement Agreement

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Application of Southern California Gas Company  
(U 904 G) and San Diego Gas & Electric Company  
(U 902 G) for Authority to Revise their Natural Gas  
Rates Effective January 1, 2017 in this Triennial  
Cost Allocation Proceeding Phase 2

A.15-07-014  
(Filed July 8, 2015)

**SOUTHERN CALIFORNIA GAS COMPANY (U 904 G),  
SAN DIEGO GAS & ELECTRIC COMPANY (U 902 G), OFFICE OF RATEPAYER  
ADVOCATES, THE UTILITY REFORM NETWORK, CALIFORNIA  
MANUFACTURERS & TECHNOLOGY ASSOCIATION, CITY OF LONG BEACH  
GAS & OIL DEPARTMENT, CLEAN ENERGY FUELS CORP., INDICATED  
SHIPPERS, SOUTHERN CALIFORNIA EDISON COMPANY (U 338 E), SOUTHERN  
CALIFORNIA GENERATION COALITION, SOUTHWEST GAS CORPORATION (U  
905 G), AND THE WESTERN MANUFACTURED HOUSING COMMUNITIES  
ASSOCIATION TCAP PHASE 2 SETTLEMENT AGREEMENT**

Pursuant to Article 12 of the Commission's Rules of Practice and Procedure , Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), Office of Ratepayer Advocates (ORA), The Utility Reform Network (TURN), California Manufacturers & Technology Association (CMTA), City of Long Beach Gas & Oil Department (LB),<sup>1</sup> Clean Energy Fuels Corp. (Clean Energy), Indicated Shippers, Southern California Edison Company (SCE), Southern California Generation Coalition (SCGC), Southwest Gas Corporation (SWG), and The Western Manufactured Housing Communities Association (WMA) (collectively the Settling Parties) respectfully submit to the Commission this Settlement Agreement (Settlement). In this Settlement, the Settling Parties provide a recommended resolution of most of the issues in this proceeding.<sup>2</sup> The contested issues in this proceeding not resolved by this Settlement are the following residential rate design issues: SoCalGas and SDG&E's proposal for \$10 per month

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<sup>1</sup> The City of Long Beach Gas & Oil Department's inclusion as a Settling Party is contingent on the approval of the Settlement by the Long Beach City Council.

<sup>2</sup> Phase 1 of this TCAP proceeding is the subject of a separate settlement agreement submitted for the Commission's consideration in A.14-12-017 on August 31, 2015.

residential customer charges at each utility; and the appropriate calculation of the differential between baseline and non-baseline rate tiers.

## **I. REASONABLENESS OF THE SETTLEMENT**

The Settling Parties submit that this Settlement complies with the Commission's requirements that settlements be reasonable, consistent with law, and in the public interest. The Settling Parties have recognized that there is risk involved in litigation, and that a party's filed position might not prevail, in whole or in part, in the Commission's final determination. The Settling Parties have reached compromise positions that they believe are appropriate in light of the litigation risks. This Settlement reflects the Settling Parties' best judgments as to the totality of their positions and risks, and their agreement herein is explicitly based on the overall results achieved.

## **II. SETTLEMENT TERMS AND CONDITIONS**

### **A. Term**

1. The Effective Date of this Settlement is the later of January 1, 2017, or the date upon which the Commission approves the Settlement. The rates impacted by this Settlement shall go into effect upon the date(s) established by the Commission.
2. The term of the Settlement shall extend from the date upon which the Commission approves the Settlement through the Commission-authorized implementation date of the next SoCalGas and SDG&E Triennial Cost Allocation Proceeding (TCAP) Application that is filed after A.15-07-014.

### **B. Contested Items**

#### **1. Rates**

- a. Natural Gas Vehicle (NGV) customers will continue to be served by Schedule No. G-NGV.
- b. The Core Fixed Cost Accounts (CFCA) at both SoCalGas and SDG&E are modified to establish two subaccounts. One subaccount will record the cost and revenue activity related to the



NGV customer class and the other subaccount will record the cost and revenue activity related to all other core classes. The NGV subaccount is allocated only to the NGV customer class. The non-NGV core subaccount is allocated to all non-NGV core customer classes using the current methodology of Equal Cents Per Therm (ECPT).

- c. The core brokerage fee is modified to include cash working capital associated with the gas commodity. As such, the brokerage fee will be \$0.00204 per therm (excluding franchise fees and uncollectibles).
- d. For the term of this Settlement, SoCalGas' submeter credit will be \$0.27386/meter/day. For the term of this Settlement, SDG&E's submeter credits will be \$0.38268/meter/day for multi-family (GS) customers and \$0.40932/meter/day for mobilehome (GT) customers.
- e. The NGV Compression Rate Adders will be set for the term of this Settlement at the levels proposed by SoCalGas and SDG&E, which exclude subsidies from ratepayers. SoCalGas' Compression Rate Adder is \$1.03134 per therm. SDG&E's Compression Rate Adder is \$1.03712 per therm.

## **2. Cost Allocation**

- a. The Long Run Marginal Cost (LRMC) Marginal Unit Costs (MUC) shown in Appendix A will be used to set SoCalGas' and SDG&E's transportation rates for the term of this Settlement.
- b. The inter-class adjustments to allocated margin shown in Appendix B will be effective for the term of this Settlement.
- c. During the term of this Settlement, SoCalGas' embedded cost of transmission is \$245.933 million, and is functionalized as \$171.727 million backbone transmission and \$74.206 million local transmission.
- d. During the term of this Settlement, SDG&E's embedded cost of transmission is \$46.266 million and is functionalized entirely as backbone transmission.
- e. Illustrative rates based upon these cost allocation provisions are shown in Appendix C.<sup>3</sup>

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<sup>3</sup> As noted previously, SoCalGas and SDG&E's proposal for \$10 per month residential customer charges at each utility and the calculation of the differential between baseline and non-baseline rate tiers are

- f. Agreement to these LRMC, MUC and embedded transmission cost figures and this Settlement as a whole is not meant by the parties to indicate their approval or acceptance of any of the various cost allocation or embedded cost proposals, principles, or methodologies offered in this proceeding.

### 3. **System Operator Gas Account (SOGA)**

- a. SoCalGas will establish the SOGA to record costs and revenues from the System Operator's buying and selling of gas at the SoCalGas City Gate to resolve California Producer Operational Balancing Agreements (CPOBA) cashout activity and pipeline Operational Balancing Agreements (OBA) imbalances.
- b. The System Operator is provided the ability to buy and sell gas at the SoCalGas City Gate to resolve CPOBA cashout activity and pipeline OBA imbalances. This authority will be included in SoCalGas Rule No. 41.
- c. The SOGA preliminary statement will be clarified to limit the costs and revenues recorded in the SOGA to those directly associated with buying and selling gas in support of cashing out of California producer imbalances or pipeline operating imbalances.
- d. The SOGA will be allocated to SoCalGas' transportation rates ECPT.

### 4. **Aliso Canyon-Related Cost Identification**

- a. *The ALJ Ruling Directing the Applicants to Serve Written Testimony Regarding Aliso Canyon* issued March 9, 2016 (Ruling) requires SoCalGas and SDG&E to identify, "for each of the years 2017, 2018, and 2019, the total amount of normal, previously approved costs to own and operate Aliso Canyon that SoCalGas seeks to recover through the rates and charges adopted in this proceeding (A.15-07-014), including depreciation, rate-of-return, taxes, operations and maintenance, administrative and general, and all other direct and indirect costs to own and operate Aliso Canyon (excluding costs incurred in response to the recent gas leak)." Ruling at 2.

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contested items not covered by the Settlement. The illustrative residential rates shown in Appendix C assume maintaining the current \$0.16438 per meter per day (approximately \$5 per month) customer charge at SoCalGas and the current \$0 per month customer charge at SDG&E, as well as the current calculation of the differential between baseline and non-baseline rate tiers. Actual residential rates will be updated to reflect the Commission's decision regarding these contested residential rate design issues.

- b. For the purposes of responding to the Ruling, Settling Parties agree that \$70.8 million represents a capacity-based and embedded cost-based approximation of the total of the normal, previously approved costs to own and operate Aliso Canyon that would be included in the rates and charges adopted in this proceeding for the years 2017, 2018, and 2019. The \$70.8 million total includes \$43.8 million for Aliso Canyon operations estimated based on 2013 embedded storage costs, and \$27 million for the Aliso Canyon Turbine Replacement project (ACTR) that is anticipated to go into service and become eligible for rate recovery by January 1, 2017.
- c. The pending Proposed Decision in A.14-12-017 would adopt a proposed settlement that includes \$83.6 million as a total embedded cost of storage for 2017-2019 (excluding costs of the ACTR). The \$43.8 million figure for Aliso Canyon current operations is calculated using the same general approach: 1/3 of the total costs are allocated to each of the inventory, injection, and withdrawal function. The amount then allocated to Aliso Canyon is based on its assumed contributions to total firm storage capacities prior to the October 2015 leak discovery.
- d. Settling Parties are not precluded from making any arguments with respect to such Aliso Canyon costs in any future proceeding.<sup>4</sup>

## 5. Other Provisions

- a. Unless and until policy and operational changes proposed in A.15-06-020 are approved and implemented, for each curtailment event, if the curtailment charges collected are \$100 or less or the refund amount per customer based on a simple average of dividing the curtailment charges by the number of customers who complied with the curtailment order is \$10 or less, then the curtailment charges will be transferred to the NFCA for amortization in transportation rates.
- b. The core balancing issue covered in the Direct Testimony of Catherine E. Yap and the Rebuttal Testimony of Paul Borkovich is deferred to A.15-06-020.

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<sup>4</sup> D.16-03-031 in this proceeding established a memorandum account to track SoCalGas' authorized revenue requirement and all revenues that SoCalGas receives for its normal, business-as-usual costs to own and operate the Aliso Canyon gas storage field. In that decision, the Commission explained that it will determine at a later time whether, and to what extent, the tracked authorized revenue requirement and revenues should be refunded to SoCalGas' customers with interest. D.16-03-031, mimeo., at 9 (Ordering Paragraph 3).

- c. During the term of this Settlement, SoCalGas will not implement a system to allow the aggregation of producer interconnect meters to calculate operational imbalances.

C. **Uncontested Items**

1. SoCalGas' and SDG&E's noncore transportation revenue requirements shall continue to be subject to 100% balancing account treatment.
2. SoCalGas' and SDG&E's forecasts of core and noncore demand as presented in direct testimony and included as Appendix D to this Settlement will be used to set transportation rates during the term of this TCAP.
3. The Unaccounted-For (UAF) gas percentages are updated to be 0.835% for SoCalGas and 0.532% for SDG&E. The percentage allocations for SoCalGas are 71.1% core and 28.9% noncore; the percentage allocations for SDG&E are 76.71% core and 23.29% noncore. The resulting UAF factors for SoCalGas are 0.594% for the core and 0.241% for the noncore. For SDG&E, the resulting factors are 0.408% for the core and 0.124% for the noncore.
4. Backbone Transportation Service (BTS)
  - a. Discounts to interruptible and firm BTS contracts (with and without alternate receipt point rights) will be included in the Backbone Transmission Balancing Account (BTBA), which will be reflected in BTS rate the following year.
  - b. The BTS denominator will be represented as an estimated average BTS subscription/utilization based on BTS firm SFV contracts, scheduled MFV, and interruptible throughput.
  - c. All references to long-term intrastate transportation agreements (LTKs) in the Schedule No. G-BTS are eliminated.
  - d. Schedule No. G-BTS is modified to assign BTS open season Step 2 bidding rights directly to balancing agents based on their respective customer balancing responsibilities.
5. Regulatory Accounts
  - a. A true-up mechanism to amortize in rates the additional unamortized over- or undercollection that remains in the Core Fixed Cost Account (CFCA) at the end of each year is adopted. If the unamortized portion of the CFCA balance is greater than 10% of the total amount of the authorized margin recorded in the CFCA for the last four months of the year at SoCalGas, or 15 % of the total amount of the authorized margin recorded in the CFCA for the last four months of the year at SDG&E, then SoCalGas and/or

SDG&E will file an advice letter proposing to update rates for the unamortized portion(s) of the CFCA balance(s). SoCalGas and/or SDG&E will file a Tier 2 advice letter by February 28th in the following year requesting the rate update to be effective April 1. Rates will be updated to reflect recovery or refund of the unamortized portion of the CFCA balance over the remaining nine months of the year.

- b. The residual balance of the 2008-2011 program cycle of the RDDEA is transferred to the CFCA and NFCA based on the allocation methodology consistent with this account and eliminate the 2008-2011 program cycle.

#### 6. Curtailment Penalty Refunds

- a. SoCalGas will refund \$1.4 million, including interest, of curtailment charges stemming from a December 27, 2012 localized curtailment of interruptible noncore customers in the northern San Joaquin Valley (SJV) system as a bill credit to those noncore customers who curtailed. Each customer's refund amount will be a pro-rata share of the balance based on its usage in a comparable non-curtailment period.
- b. SoCalGas will refund approximately \$0.2 million of curtailment penalties for two curtailment events of Standby Procurement Service (one beginning December 7, 2013, the other beginning February 6, 2014) by transferring the amount including interest to the CFCA and NFCA and amortize these regulatory account balances in transportation rates over a 12-month period beginning on January 1, 2017 (or, the first January 1 following Commission approval of this Settlement). The allocation between the CFCA and NFCA will be based on customer usage that occurred in December 2012 and February 2013 for those CAT customers and noncore customers who were asked to curtail and complied with the curtailment order, respectively.
- c. SoCalGas will refund \$24 in curtailment charges related to a November 3, 2014, localized partial curtailment on interruptible noncore customers in order to facilitate Pipeline Safety Enhancement Plan work by transferring the amount to the NFCA and amortizing the balance in transportation rates over a 12-month period beginning January 1, 2017 (or, the first January 1 following Commission approval of this Settlement).
- d. SDG&E will refund \$0.1 million in curtailment charges related to all of the curtailment violations during the prior TCAP period by transferring the amount to the NFCA and amortizing the balance in

transportation rates over a 12-month period beginning January 1, 2017 (or, the first January 1 following Commission approval of this Settlement).

### **III. ADDITIONAL TERMS AND CONDITIONS**

#### **A. The Public Interest**

The Settling Parties agree jointly by executing and submitting this Settlement that the relief requested herein is just, fair and reasonable, and in the public interest.

#### **B. Non-Precedential Effect**

This Settlement is not intended by the Settling Parties to be precedent for any future proceeding. The Settling Parties have assented to the terms of this Settlement only for the purpose of arriving at the settlement embodied in this Settlement. Except as expressly precluded in this Settlement, each of the Settling Parties expressly reserves its right to advocate, in current and future proceedings, positions, principles, assumptions, arguments and methodologies which may be different than those underlying this Settlement, and the Settling Parties expressly declare that, as provided in Commission Rule 12.5, this Settlement should not be considered as a precedent for or against them. Likewise, the Settlement explicitly does not establish any precedent on the litigated issues in the case.

#### **C. Partial Settlement**

This Settlement is a settlement of some but not all of the issues within the scope of this proceeding. This Settlement is not intended to resolve issues not covered by the Settlement, or to preclude any of the Settling Parties from making any arguments or taking any positions with respect to such issues.

D. **Indivisibility**

This Settlement embodies compromises of the Settling Parties' positions. No individual term of this Settlement is assented to by any of the Settling Parties, except in consideration of the other Settling Parties' assents to all other terms. Thus, the Settlement is indivisible and each part is interdependent on each and all other parts. Any party may withdraw from this Settlement if the Commission modifies, deletes from, or adds to the disposition of the matters stipulated herein. The Settling Parties agree, however, to negotiate in good faith with regard to any Commission-ordered changes to the Settlement in order to restore the balance of benefits and burdens, and to exercise the right to withdraw only if such negotiations are unsuccessful.

The Settling Parties acknowledge that the positions expressed in the Settlement were reached after consideration of all positions advanced in the prepared testimony of SoCalGas, SDG&E, ORA, TURN, SCGC, WMA, Long Beach, and Clean Energy, as well as proposals offered during the settlement negotiations. This document sets forth the entire agreement of the Settling Parties on all of those issues, except as specifically described within the Settlement. The terms and conditions of this Settlement may only be modified in writing subscribed by all Settling Parties.

E. **Entire Settlement**

This Settlement, along with all appendices to it, encompasses the entire agreement of the parties who have signed below, and supersedes all previous understandings and agreements between the parties on the issues addressed herein, whether oral or written. The Settling Parties hereby acknowledge and represent, by signing below, that said parties have not relied on any representation or other assurance, except those set out in this Settlement, made by or on behalf of

any other party or any other person or entity whatsoever, prior to the execution of this Settlement.

Dated this 26<sup>th</sup> day of May, 2016.

**SOUTHERN CALIFORNIA GAS COMPANY and  
SAN DIEGO GAS & ELECTRIC COMPANY**

By: /s/ MICHAEL R. THORP  
**MICHAEL R. THORP**  
Title: Chief Regulatory Counsel

**OFFICE OF RATEPAYER ADVOCATES**

By: /s/ ELIZABETH ECHOLS  
**ELIZABETH ECHOLS**  
Title: Director, Office of Ratepayer Advocates

**THE UTILITY REFORM NETWORK**

By: /s/ ROBERT FINKELSTEIN  
**ROBERT FINKELSTEIN**  
Title: General Counsel

**CALIFORNIA MANUFACTURERS & TECHNOLOGY  
ASSOCIATION**

By: /s/ RONALD LIEBERT  
**RONALD LIEBERT**  
Title: Counsel

**CITY OF LONG BEACH GAS & OIL DEPARTMENT**

By: /s/ PATRICK WEST  
**PATRICK WEST**  
Title: City Manager



**CLEAN ENERGY FUELS CORP.**

By: /s/ KATY MORSONY  
**KATY MORSONY**  
Title: Counsel

**INDICATED SHIPPERS**

By: /s/ NORA SHERIFF  
**NORA SHERIFF**  
Title: Counsel

**SOUTHERN CALIFORNIA EDISON COMPANY**

By: /s/ COLIN CUSHNIE  
**COLIN CUSHNIE**  
Title: VP of Energy Procurement & Management

**SOUTHERN CALIFORNIA GENERATION COALITION**

By: /s/ NORMAN PEDERSEN  
**NORMAN PEDERSEN**  
Title: Counsel

**SOUTHWEST GAS CORPORATION**

By: /s/ KYLE O. STEPHENS  
**KYLE O. STEPHENS**  
Title: Assistant General Counsel

**THE WESTERN MANUFACTURED HOUSING  
COMMUNITIES ASSOCIATION**

By: /s/ EDWARD G. POOLE  
**EDWARD G. POOLE**  
Title: Counsel

# APPENDICES

# Appendix A

## **SoCalGas**

LRMC Marginal Unit Customer Costs \$/customer

Residential	\$177.67
Core C/I	\$535.56
G-AC	\$4,894.04
G-GEN	\$3,983.71
NGV	\$20,164.57
Noncore C/I	\$24,167.47
EG Tier 1	\$27,318.17
EG Tier 2	\$91,072.82
EOR	\$60,889.20
Long Beach	\$585,007.21
SDG&E	\$836,175.87
Southwest Gas	\$592,651.35
Vernon	\$383,708.45
DGN	\$178,481.39

LRMC Distribution

MPD LRMC (\$/Mcf)	\$199.44
HPD LRMC (\$/Mcf)	\$1.91

## **SDGE**

LRMC Marginal Unit Customer Costs \$/customer

Residential	\$225.87
NGV	\$3,297.00
Core C/I	\$377.07
Noncore C/I	\$7,092.95
EG Tier 1	\$5,209.59
EG Tier 2	\$6,297.08

LRMC Distribution

MPD LRMC (\$/Mcf)	\$242.50
HPD LRMC (\$/Mcf)	\$24.41

# Appendix B

## Inter-Class Adjustments \$000

### SoCalGas

Residential	(\$4,000)
Core C/I	\$4,000

### SDGE

Noncore C/I Distribution	\$500
EG-Distribution Tier 1	(\$500)

## APPENDIX C

### SoCalGas and SDG&E Illustrative Rates<sup>1</sup>

**TABLE 1**  
**Natural Gas Transportation Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

		Present Rates			Proposed Rates			Changes		
		Jan-1-15	Average	Jan-1-15	Jan-1-17	Proposed	Jan-1-17	Revenue	Rate	% Rate
		Volumes	Rate	Revenues	Volumes	Rate	Revenues	Change	Change	change
		Mth	\$/therm	\$000's	Mth	\$/therm	\$000's	\$000's	\$/therm	%
		A	B	C	D	E	F	G	H	I
1	<b>CORE</b>									
2	Residential	2,337,534	\$0.71570	\$1,672,983	2,435,160	\$0.63255	\$1,540,361	(\$132,622)	(\$0.08315)	-11.6%
3	Commercial & Industrial	984,102	\$0.33979	\$334,392	1,023,186	\$0.24364	\$249,288	(\$85,104)	(\$0.09616)	-28.3%
4										
5	NGV - Pre SempraWide	117,220	\$0.13363	\$15,665	157,095	\$0.10274	\$16,140	\$476	(\$0.03089)	-23.1%
6	SempraWide Adjustment	117,220	\$0.00867	\$1,016	157,095	(\$0.00486)	(\$763)	(\$1,779)	(\$0.01353)	-156.1%
7	NGV - Post SempraWide	117,220	\$0.14230	\$16,681	157,095	\$0.09788	\$15,377	(\$1,304)	(\$0.04442)	-31.2%
8										
9	Gas A/C	825	\$0.14108	\$116	772	\$0.09529	\$74	(\$43)	(\$0.04579)	-32.5%
10	Gas Engine	16,774	\$0.12163	\$2,040	20,699	\$0.12163	\$2,518	\$477	\$0.00000	0.0%
11	<b>Total Core</b>	<b>3,456,455</b>	<b>\$0.58621</b>	<b>\$2,026,212</b>	<b>3,636,911</b>	<b>\$0.49702</b>	<b>\$1,807,616</b>	<b>(\$218,596)</b>	<b>(\$0.08919)</b>	<b>-15.2%</b>
12										
13	<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
14	Distribution Level Service	893,164	\$0.06968	\$62,239	865,102	\$0.06168	\$53,358	(\$8,881)	(\$0.00801)	-11.5%
15	Transmission Level Service (2)	654,456	\$0.01804	\$11,806	660,238	\$0.01640	\$10,827	(\$979)	(\$0.00164)	-9.1%
16	<b>Total Noncore C&amp;I</b>	<b>1,547,620</b>	<b>\$0.04784</b>	<b>\$74,045</b>	<b>1,525,339</b>	<b>\$0.04208</b>	<b>\$64,185</b>	<b>(\$9,860)</b>	<b>(\$0.00577)</b>	<b>-12.1%</b>
17										
18	<b>NONCORE ELECTRIC GENERATION</b>									
19	Distribution Level Service									
20	Pre Sempra Wide	333,969	\$0.05403	\$18,044	285,096	\$0.06398	\$18,240	\$196	\$0.00995	18.4%
21	Sempra Wide Adjustment	333,969	(\$0.00910)	(\$3,041)	285,096	(\$0.01458)	(\$4,158)	(\$1,117)	(\$0.00548)	60.2%
22	Distribution Post Sempra Wide	333,969	\$0.04492	\$15,003	285,096	\$0.04939	\$14,082	(\$922)	\$0.00447	9.9%
23	Transmission Level Service (2)	2,641,080	\$0.01487	\$39,270	2,392,699	\$0.01372	\$32,818	(\$6,452)	(\$0.00115)	-7.8%
24	<b>Total Electric Generation</b>	<b>2,975,049</b>	<b>\$0.01824</b>	<b>\$54,273</b>	<b>2,677,795</b>	<b>\$0.01751</b>	<b>\$46,899</b>	<b>(\$7,374)</b>	<b>(\$0.00073)</b>	<b>-4.0%</b>
25										
26	<b>TOTAL RETAIL NONCORE</b>	<b>4,522,669</b>	<b>\$0.02837</b>	<b>\$128,318</b>	<b>4,203,134</b>	<b>\$0.02643</b>	<b>\$111,084</b>	<b>(\$17,234)</b>	<b>(\$0.00194)</b>	<b>-6.8%</b>
27										
28	<b>WHOLESALE</b>									
29	Wholesale Long Beach (2)	92,897	\$0.01453	\$1,350	73,520	\$0.01350	\$992	(\$358)	(\$0.00104)	-7.1%
30	Wholesale SWG (2)	67,209	\$0.01453	\$977	65,367	\$0.01350	\$882	(\$95)	(\$0.00104)	-7.1%
31	Wholesale Vernon (2)	87,906	\$0.01453	\$1,278	95,137	\$0.01350	\$1,284	\$7	(\$0.00104)	-7.1%
32	International (2)	69,979	\$0.01453	\$1,017	91,378	\$0.01350	\$1,233	\$216	(\$0.00104)	-7.1%
33	<b>Total Wholesale &amp; International</b>	<b>317,990</b>	<b>\$0.01453</b>	<b>\$4,622</b>	<b>325,403</b>	<b>\$0.01350</b>	<b>\$4,392</b>	<b>(\$229)</b>	<b>(\$0.00104)</b>	<b>-7.1%</b>
34	SDGE Wholesale	1,247,558	\$0.01258	\$15,692	1,251,556	\$0.01360	\$17,023	\$1,332	\$0.00102	8.1%
35	<b>Total Wholesale Incl SDGE</b>	<b>1,565,548</b>	<b>\$0.01298</b>	<b>\$20,313</b>	<b>1,576,959</b>	<b>\$0.01358</b>	<b>\$21,416</b>	<b>\$1,102</b>	<b>\$0.00061</b>	<b>4.7%</b>
36										
37	<b>TOTAL NONCORE</b>	<b>6,088,217</b>	<b>\$0.02441</b>	<b>\$148,631</b>	<b>5,780,093</b>	<b>\$0.02292</b>	<b>\$132,500</b>	<b>(\$16,132)</b>	<b>(\$0.00149)</b>	<b>-6.1%</b>
38										
39	Unbundled Storage (4)			\$26,476			\$17,020	(\$9,456)		
40	System Total (w/o BTS)	9,544,672	\$0.23063	\$2,201,319	9,417,004	\$0.20783	\$1,957,136	(\$244,183)	(\$0.02280)	-9.9%
41	Backbone Trans. Service BTS (3)	2,809	\$0.15777	\$161,782	2,818	\$0.21578	\$221,908	\$60,125	\$0.05800	36.8%
42	<b>SYSTEM TOTALw/BTS</b>	<b>9,544,672</b>	<b>\$0.24758</b>	<b>\$2,363,102</b>	<b>9,417,004</b>	<b>\$0.23139</b>	<b>\$2,179,044</b>	<b>(\$184,058)</b>	<b>(\$0.01619)</b>	<b>-6.5%</b>
43										
44	EOR Revenues	203,920	\$0.03081	\$6,283	231,570	\$0.03483	\$8,065	\$1,782	\$0.00402	13.0%
45	<b>Total Throughput w/EOR Mth/yr</b>	<b>9,748,592</b>			<b>9,648,574</b>					

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The BTS rate is for service from Receipt Point to Citygate.

2) These Transmission Level Service "TLS" amounts represent the average transmission rate, see Table 7 or detail list of TLS rates.

3) BTS charge (\$/dth/day) is proposed as a separate rate. Core will pay through procurement rate, noncore as a separate charge.

4) Unbundles Storage costs are not part of the Core Storage or Load Balancing functions (those are included in transport rates).

**TABLE 2**  
**Residential Transportation Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	Present Rates			Proposed Rates			Changes		
	Jan-1-15 Volumes Mth A	Average Rate \$/th B	Jan-1-15 Revenue \$000's C	Jan-1-17 Volumes Mth D	Rate \$/th E	Jan-1-17 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change I
1 <b>RESIDENTIAL SERVICE</b>									
2 Customer Charge									
3 Single Family	3,663,383	\$5.00	\$219,803	3,750,414	\$5.00	\$225,025	\$5,222	\$0.00000	0.0%
4 Multi-Family	1,674,287	\$5.00	\$100,457	1,743,024	\$5.00	\$104,581	\$4,124	\$0.00000	0.0%
5 Small Master Meter	122,347	\$5.00	\$7,341	124,314	\$5.00	\$7,459	\$118	\$0.00000	0.0%
6 Submeter Credit-\$/unit/day	147,568	(\$0.23573)	(\$12,697)	148,373	(\$0.27386)	(\$14,831)	(\$2,135)	(\$0.03814)	16.2%
7 <b>Volumetric Transportation Rate Excludes CSITMA and CAT:</b>									
8 Baseline Rate	1,583,823	\$0.49782	\$788,461	1,839,570	\$0.43708	\$804,036	\$15,575	(\$0.06074)	-12.2%
9 Non-Baseline Rate	743,221	\$0.75782	\$563,229	584,298	\$0.69708	\$407,302	(\$155,927)	(\$0.06074)	-8.0%
10	2,327,044	\$0.71618	\$1,666,594	2,423,869	\$0.63270	\$1,533,571	(\$133,023)	(\$0.08349)	-11.7%
11 NBL/BL Ratio:									
12 Gas Rate \$/th		\$0.42840			\$0.40277			(\$0.02564)	-6.0%
13 NBL/BL rate ratio		1.05			1.31				
14 NBL- BL rate difference \$/th		\$0.26000			\$0.26000			\$0.00000	0.0%
15									
16 Large Master Meter Rate (Excludes Rate Adders for CAT):									
17 Customer Charge	55	\$373.78	\$248	57	\$411.17	\$280	\$32	\$37.39	10.0%
18 Baseline Rate	7,802	\$0.17921	\$1,398	9,428	\$0.20351	\$1,919	\$521	\$0.02430	13.6%
19 Non-Baseline Rate	2,688	\$0.27281	\$733	1,863	\$0.32458	\$605	(\$129)	\$0.05176	19.0%
20	10,490	\$0.22688	\$2,380	11,291	\$0.24831	\$2,804	\$424	\$0.02143	9.4%
21									
22 <b>Residential Rates Includes CSITMA, Excludes CAT:</b>									
23 CSITMA Adder to Volumetric Rate	1,671,915	\$0.00244	\$4,082	1,800,739	\$0.00221	\$3,988	(\$94)	(\$0.00023)	-9.3%
24 Residential:									
25 Customer Charge		\$5.00			\$5.00			\$0.00000	0.0%
26 Baseline \$/therm		\$0.50026			\$0.43929			(\$0.06097)	-12.2%
27 Non-Baseline \$/therm		\$0.76026			\$0.69929			(\$0.06097)	-8.0%
28 Average NonCARE Rate \$/therm		\$0.71863			\$0.63491			(\$0.08372)	-11.6%
29 Large Master Meter:									
30 Customer Charge		\$373.78			\$411.17			\$37.39	10.0%
31 BaseLine Rate		\$0.18166			\$0.20573			\$0.02407	13.3%
32 NonBaseLine Rate		\$0.27525			\$0.32679			\$0.05154	18.7%
33 Average NonCARE Rate \$/therm		\$0.22932			\$0.25052			\$0.02120	9.2%
34 <b>Residential Rates Includes CSITMA &amp; CAT:</b>									
35 CAT Adder to Volumetric Rate	8,732	(\$0.00831)	(\$73)	49,671	(\$0.00003)	(\$2)	\$71	\$0.00828	-100%
36 Residential:									
37 Customer Charge		\$5.00			\$5.00			\$0.00000	0.0%
38 BaseLine Rate		\$0.49195			\$0.43926			(\$0.05269)	-10.7%
39 NonBaseLine Rate		\$0.75195			\$0.69926			(\$0.05269)	-7.0%
40 Large Master Meter:									
41 Customer Charge		\$373.78			\$411.17			\$37.38634	10.0%
42 BaseLine Rate		\$0.17335			\$0.20570			\$0.03235	18.7%
43 NonBaseLine Rate		\$0.26694			\$0.32675			\$0.05981	22.4%
44 <b>Other Adjustments :</b>									
45 TCA for CSITMA exempt customers		(\$0.00244)			(\$0.00221)			\$0.00023	-9.3%
46									
47 <b>TOTAL RESIDENTIAL</b>	<b>2,337,534</b>	<b>\$0.71570</b>	<b>\$1,672,983</b>	<b>2,435,160</b>	<b>\$0.63255</b>	<b>\$1,540,361</b>	<b>(\$132,622)</b>	<b>(\$0.08315)</b>	<b>-11.6%</b>

See footnotes Table 1

**TABLE 3**  
**Core Nonresidential Transportation Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

		Present Rates			Proposed Rates			Changes		
		Jan-1-15	Average	Jan-1-15	Jan-1-17	Rate	Jan-1-17	Revenue	Rate	% Rate
		Volumes	Rate	Revenue	Volumes	\$/th	Revenue	Change	Change	change
		Mth	\$/th	\$000's	Mth	\$/th	\$000's	\$000's	\$/th	%
		A	B	C	D	E	F	G	H	I
1										
2	CORE COMMERCIAL & INDUSTRIAL									
3	Customer Charge 1	147,208	\$15.00	\$26,497	146,202	\$15.00	\$26,316	(\$181)	\$0.00	0.0%
4	Customer Charge 2	60,603	\$15.00	\$10,909	61,115	\$15.00	\$11,001	\$92	\$0.00	0.0%
5	Volumetric Transportation Rate Excludes CSITMA & CAT:									
6	Tier 1 = 250th/mo	223,928	\$0.54382	\$121,776	203,321	\$0.42919	\$87,263	(\$34,513)	(\$0.11463)	-21.1%
7	Tier 2 = next 4167 th/mo	495,650	\$0.28796	\$142,725	453,170	\$0.21394	\$96,951	(\$45,774)	(\$0.07402)	-25.7%
8	Tier 3 = over 4167 th/mo	264,524	\$0.11640	\$30,792	366,694	\$0.06962	\$25,528	(\$5,263)	(\$0.04679)	-40.2%
9		984,102	\$0.33807	\$332,699	1,023,186	\$0.24146	\$247,059	(\$85,639)	(\$0.09661)	-28.6%
10										
11	Volumetric Transportation Rate Includes CSITMA, Excludes CAT:									
12	CSITMA Adder to Volumetric Rate	980,381	\$0.00244	\$2,393	1,008,238	\$0.00221	\$2,233	(\$161)	(\$0.00023)	-9.3%
13	Tier 1 = 250th/mo		\$0.54626			\$0.43140			(\$0.11486)	-21.0%
14	Tier 2 = next 4167 th/mo		\$0.29040			\$0.21615			(\$0.07424)	-25.6%
15	Tier 3 = over 4167 th/mo		\$0.11885			\$0.07183			(\$0.04701)	-39.6%
16			\$0.34051			\$0.24368			(\$0.09684)	
17	Volumetric Transportation Rate Includes CSITMA & CAT:									
18	CAT Adder to Volumetric Rate	84,283	(\$0.00831)	(\$700)	137,753	(\$0.00003)	(\$4)	\$696	\$0.00828	-100%
19	Tier 1 = 250th/mo		\$0.53795			\$0.43137			(\$0.10658)	-19.8%
20	Tier 2 = next 4167 th/mo		\$0.28209			\$0.21612			(\$0.06597)	-23.4%
21	Tier 3 = over 4167 th/mo		\$0.11054			\$0.07180			(\$0.03874)	-35.0%
22			\$0.33221			\$0.24364			(\$0.08856)	-26.7%
23	Other Adjustments :									
24	TCA for CSITMA exempt customers		(\$0.00244)			(\$0.00221)			\$0.00023	-9.3%
25										
26	TOTAL CORE C&I	984,102	\$0.33979	\$334,392	1,023,186	\$0.24364	\$249,288	(\$85,104)	(\$0.09616)	-28.3%
27										
28	NATURAL GAS VEHICLES (a sempra-wide rate)									
29	Customer Charge, P-1	229	\$13.00	\$36	229	\$13.00	\$36	\$0	\$0.00000	0.0%
30	Customer Charge, P-2A	83	\$65.00	\$64	130	\$65.00	\$101	\$37	\$0.00000	0.0%
31	Uncompressed Rate Excludes CSITMA & CAT	117,220	\$0.12748	\$14,943	157,095	\$0.08102	\$12,728	(\$2,215)	(\$0.04646)	-36.4%
32	Total Uncompressed NGV	117,220	\$0.12833	\$15,043	157,095	\$0.08189	\$12,864	(\$2,179)	(\$0.04644)	-36.2%
33	Compressed Rate Adder	1,287	\$1.05002	\$1,351	2,099	\$1.03134	\$2,164	\$813	(\$0.01869)	-1.8%
34										
35	Uncompressed Rate Includes CSITMA, Excludes CAT									
36	CSITMA Adder to Volumetric Rate	117,175	\$0.00244	\$286	157,073	\$0.00221	\$348	\$62	(\$0.00023)	-9.3%
37	Uncompressed Rate \$/therm		\$0.12992			\$0.08323			(\$0.04669)	-35.9%
38	Other Adjustments :									
39	TCA for CSITMA exempt customers		(\$0.00244)			(\$0.00221)			\$0.00023	-9.3%
40										
41	TOTAL NGV SERVICE	117,220	\$0.14230	\$16,681	157,095	\$0.09788	\$15,377	(\$1,304)	(\$0.04442)	-31.2%
42										
43	RESIDENTIAL NATURAL GAS VEHICLES (optional rate)									
44	Customer Charge	5,460	\$10.00	\$655	5,618	\$10.00	\$674	\$19	\$0.00000	0.0%
45	Uncompressed Rate Excludes CSITMA & CAT	5,346	\$0.19467	\$1,041	4,540	\$0.17816	\$809	(\$232)	(\$0.01651)	-8.5%
46		5,346	\$0.31722	\$1,696	4,540	\$0.32665	\$1,483	(\$213)	\$0.00943	3.0%
47	Uncompressed Rate Includes CSITMA, Excludes CAT									
48	CSITMA Adder to Volumetric Rate		\$0.00244			\$0.00221			(\$0.00023)	-9.3%
49	Uncompressed Rate \$/therm		\$0.19711			\$0.18038			(\$0.01674)	-8.5%
50										
51	Uncompressed Rate Includes CSITMA & CAT									
52	CAT Adder to Volumetric Rate	0	(\$0.00831)	\$0	0	(\$0.00003)	\$0	\$0	\$0.00828	-99.6%
53	Uncompressed Rate		\$0.18880			\$0.18034		\$0	(\$0.00846)	-4.5%
54	Other Adjustments :									
55	TCA for CSITMA exempt customers		(\$0.00244)			(\$0.00221)			\$0.00023	-9.3%
56										
57	TOTAL RESIDENTIAL NATURAL GAS VEHICLE	5,346	\$0.31722	\$1,696	4,540	\$0.32665	\$1,483	(\$213)	\$0.00943	3.0%

### 2016 TCAP Phase II Settlement Agreement Illustrative Rates

[illegible]



**TABLE 5**  
**Noncore Commercial & Industrial Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	Present Rates			Proposed Rates			Changes		
	Jan-1-15	Average	Jan-1-15	Jan-1-17	Rate	Jan-1-17	Revenue	Rate	% Rate
	Volumes	Rate	Revenue	Volumes		Revenue	Change	Change	change
	Mth	\$/th	\$000's	Mth	\$/th	\$000's	\$000's	\$/th	%
	A	B	C	D	E	F	G	H	I
1 <u>NonCore Commercial &amp; Industrial Distribution Level</u>									
2 Customer Charge	602	\$350.00	\$2,530	584	\$350.00	\$2,452	(\$79)	\$0.00000	0.0%
3									
4 <b><u>Volumetric Rates Includes CARB fee, Excludes CSITMA</u></b>									
5 Tier 1 = 250kth/yr	133,045	\$0.14882	\$19,800	121,573	\$0.13535	\$16,455	(\$3,345)	(\$0.01347)	-9.1%
6 Tier 2 = 250k to 1000k	217,578	\$0.09108	\$19,818	205,061	\$0.08232	\$16,881	(\$2,937)	(\$0.00876)	-9.6%
7 Tier 3 = 1 to 2 million th/yr	109,379	\$0.05415	\$5,923	109,960	\$0.04840	\$5,322	(\$601)	(\$0.00575)	-10.6%
8 Tier 4 = over 2 million th/yr	433,162	\$0.02776	\$12,024	428,508	\$0.02416	\$10,352	(\$1,672)	(\$0.00360)	-13.0%
9 Volumetric totals (excl itcs)	893,164	\$0.06445	\$57,564	865,102	\$0.05665	\$49,009	(\$8,555)	(\$0.00780)	-12.1%
10									
11 <b><u>Volumetric Rates Includes CARB Fee &amp; CSITMA</u></b>									
12 CSITMA Adder to Volumetric Rate		\$0.00244	\$2,145		\$0.00221	\$1,897	(\$248)	(\$0.00023)	-9.3%
13 Tier 1 = 250kth/yr		\$0.15126			\$0.13756			(\$0.01370)	-9.1%
14 Tier 2 = 250k to 1000k		\$0.09352			\$0.08453			(\$0.00899)	-9.6%
15 Tier 3 = 1 to 2 million th/yr		\$0.05659			\$0.05061			(\$0.00598)	-10.6%
16 Tier 4 = over 2 million th/yr		\$0.03020			\$0.02637			(\$0.00383)	-12.7%
17 <b><u>Other Adjustments :</u></b>									
18 TCA for CSITMA exempt customers		(\$0.00244)			(\$0.00221)			\$0.00023	-9.3%
19 CARB Fee Credit \$/th		(\$0.00110)			(\$0.00071)			\$0.00040	-35.9%
20 <b>NCCI - DISTRIBUTION LEVEL</b>	893,164	\$0.06968	\$62,239	865,102	\$0.06168	\$53,358	(\$8,881)	(\$0.00801)	-11.5%
21									
22 <b>NCCI-TRANSMISSION LEVEL Incl CARB Fee E</b>	10,674	\$0.01564	\$167	6,438	\$0.01421	\$91	(\$75)	(\$0.00143)	-9.2%
23 <b>NCCI-TRANSMISSION LEVEL Incl CARB Fee a</b>	643,782	\$0.01808	\$11,639	653,799	\$0.01642	\$10,735	(\$904)	(\$0.00166)	-9.2%
24 <b>NCCI-TRANSMISSION LEVEL (2)</b>	654,456	\$0.01804	\$11,806	660,238	\$0.01640	\$10,827	(\$979)	(\$0.00164)	-9.1%
25									
26 <b>TOTAL NONCORE C&amp;I</b>	<b>1,547,620</b>	<b>\$0.04784</b>	<b>\$74,045</b>	<b>1,525,339</b>	<b>\$0.04208</b>	<b>\$64,185</b>	<b>(\$9,860)</b>	<b>(\$0.00577)</b>	<b>-12.1%</b>

**TABLE 6**  
**Noncore Electric Generation Rates and Enhanced Oil Recovery Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

		Present Rates			Proposed Rates			Changes		
		Jan-1-15 Volumes Mth A	Average Rate \$/th B	Jan-1-15 Revenue \$000's C	Jan-1-17 Volumes Mth D	Rate \$/th E	Jan-1-17 Revenue \$000's F	Revenue Change \$000's G	Rate Change \$/th H	% Rate change I
1										
2	<b><u>ELECTRIC GENERATION</u></b>									
3										
4										
5	<b><u>Small EG Distribution Level Service (a Sempra-Wide rate) Excludes CARB fee &amp; CSITMA:</u></b>									
6	Customer Charge	147	\$50.00	\$88	201	\$50.00	\$121	\$32	\$0.00000	0.0%
7	Volumetric Rate	42,850	\$0.10380	\$4,448	77,207	\$0.09658	\$7,457	\$3,009	(\$0.00721)	-7.0%
8	Small EG Distribution Level Service	42,850	\$0.10586	\$4,536	77,207	\$0.09814	\$7,577	\$3,041	(\$0.00771)	-7.3%
9										
10	<b><u>Large EG Distribution Level Service (a Sempra-Wide rate) Excludes CARB Fee &amp; CSITMA</u></b>									
11	Customer Charge	34	\$0.00	\$0	28	\$0.00	\$0	\$0	\$0.00000	
12	Volumetric Rate	291,119	\$0.03506	\$10,208	207,889	\$0.03128	\$6,503	(\$3,705)	(\$0.00378)	-10.8%
13	Large EG Distribution Level Service	291,119	\$0.03506	\$10,208	207,889	\$0.03128	\$6,503	(\$3,705)	(\$0.00378)	-10.8%
14										
15	<u>EG Distribution excl CARB fee &amp; CSITMA</u>	333,969	\$0.04415	\$14,744	285,096	\$0.04939	\$14,080	(\$663)	\$0.00524	11.9%
16										
17	<b><u>Volumetric Rates Includes CARB fee, Excludes CSITMA</u></b>									
18	CARB Cost Adder	235,121	\$0.00110	\$260	1,838	\$0.00071	\$1	(\$258)	(\$0.00040)	-35.9%
19	EG-Distribution Tier 1 w/CARB fee		\$0.10490			\$0.09729			(\$0.00761)	-7.3%
20	EG-Distribution Tier 2 w/CARB Fee		\$0.03617			\$0.03199			(\$0.00418)	-11.6%
21	Total - EG Distribution Level	333,969	\$0.04492	\$15,003	285,096	\$0.04939	\$14,082	(\$922)	\$0.00447	9.9%
22	CARB Fee Credit \$/th		(\$0.00110)			(\$0.00071)			\$0.00040	-35.9%
23										
24	EG Transmission Level Service Excl CARB fee &	1,839,870	\$0.01453	\$26,741	1,655,460	\$0.01350	\$22,345	(\$4,396)	(\$0.00104)	-7.1%
25	<u>EG Transmission Level Service Incl CARB Fee,</u>	801,210	\$0.01564	\$12,529	737,239	\$0.01421	\$10,473	(\$2,056)	(\$0.00143)	-9.2%
26	EG Transmission Level (2)	2,641,080	\$0.01487	\$39,270	2,392,699	\$0.01372	\$32,818	(\$6,452)	(\$0.00115)	-7.8%
27										
28	<b><u>TOTAL ELECTRIC GENERATION</u></b>	<b>2,975,049</b>	<b>\$0.01824</b>	<b>\$54,273</b>	<b>2,677,795</b>	<b>\$0.01751</b>	<b>\$46,899</b>	<b>(\$7,374)</b>	<b>(\$0.00073)</b>	<b>-4.0%</b>
29										
30	<b><u>EOR Rates &amp; Revenue Excludes CARB Fee &amp; CSITMA:</u></b>									
31	Distribution Level EOR:									
32	Customer Charge	23	\$500.00	\$138	17	\$500.00	\$102	(\$36)	\$0.00000	0.0%
33	Volumetric Rate Excl CARB Fee & CSITMA	109,229	\$0.04366	\$4,769	137,620	\$0.04865	\$6,695	\$1,926	\$0.00499	11.4%
34										
35	<b><u>Volumetric Rates Includes CARB Fee, Excludes CSITMA</u></b>									
36	CARB Fee		\$0.00110			\$0.00071				
37	Volumetric Rate Incl CARB fee & Excl CSITMA		\$0.04476			\$0.04936			\$0.00459	10.3%
38	Distribution Level EOR	109,229	\$0.04492	\$4,907	137,620	\$0.04939	\$6,797	\$1,890	\$0.00447	9.9%
39	CARB Fee Credit \$/th		(\$0.00110)			(\$0.00071)			\$0.00040	-35.9%
40										
41	Transmission Level EOR Excludes CARB fee &	94,691	\$0.01453	\$1,376	93,950	\$0.01350	\$1,268	(\$108)	(\$0.00104)	-7.1%
42	<b>Total EOR</b>	<b>203,920</b>	<b>\$0.03081</b>	<b>\$6,283</b>	<b>231,570</b>	<b>\$0.03483</b>	<b>\$8,065</b>	<b>\$1,782</b>	<b>\$0.00402</b>	<b>13.0%</b>

1) CSITMA - Noncore C&I D Tariff rate includes CSITMA. Customers exempt , including Constitutionally Exempt, receive Transportation Charge Adj. (TCA).

EG Tariff Rate excludes CSITMA, since EG customers are exempt.

2) CARB Fee - EG-D and NCCI-D rates include CARB Fee.

3) EOR customers tariff includes CARB Fee and excludes CSITMA; since EOR customers are exempt from CSITMA and get a credit for CARB Fee.

See footnotes Table 1

**TABLE 7**  
**Transmission Level Service Transportation Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	Present Rates			Proposed Rates			Changes		
	Jan-1-15 Volumes Mth	Average Rate \$/th	Jan-1-15 BCAP Vols \$000's	Jan-1-17 Volumes Mth, Mdth	Rate \$/th	Jan-1-17 Revenue \$000's	Revenue Change \$000's	Rate Change \$/th	% Rate change %
	A	B	C	D	E	F	G	H	I
1 <b>Rate Excluding CSITMA &amp; CARB Fee:</b>									
2 Reservation Service Option (RS):									
3 Daily Reservation rate \$/th/day		\$0.00597			\$0.00685			\$0.00088	14.7%
4 Usage Charge for RS \$/th		\$0.00650			\$0.00316			(\$0.00334)	-51.4%
5 Class Average Volumetric Rate (CA)									
6 Volumetric Rate \$/th		\$0.00803			\$0.01035			\$0.00232	28.8%
7 Usage Charge for CA \$/th		\$0.00650			\$0.00316			(\$0.00334)	-51.4%
8 Class Average Volumetric Rate (CA) \$/th		\$0.01453			\$0.01351			(\$0.00103)	-7.1%
9									
10 115% CA (for NonBypass Volumetric NV) \$/th		\$0.01671			\$0.01553			(\$0.00118)	-7.1%
11 135% CA (for Bypass Volumetric BV) \$/th		\$0.01962			\$0.01823			(\$0.00139)	-7.1%
12 <b>Total Transmission Level Service (NCCI, EOR, E</b>	3,295,536	\$0.01453	\$47,897	3,052,937	\$0.01350	\$41,207	(\$6,690)	(\$0.00104)	-7.1%
13									
14 <b>C&amp;I Rate Including CSITMA &amp; CARB Fee:</b>									
15 CSITMA Adder to Usage Charge	643,782	\$0.00244	\$1,572	653,799	\$0.00221	\$1,448	(\$124)	(\$0.00023)	
16 CARB Fee Adder	1,455,666	\$0.00110	\$1,607	1,397,477	\$0.00071	\$989		(\$0.00040)	
17 Reservation Service Option (RS):									
18 Daily Reservation rate \$/th/day		\$0.00597			\$0.00685		\$0	\$0.00088	14.7%
19 Usage Charge for RS \$/th		\$0.01004			\$0.00608		\$0	(\$0.00397)	-39.5%
20 Class Average Volumetric Rate (CA)									
21 Volumetric Rate \$/th		\$0.00803			\$0.01035		\$0	\$0.00232	28.8%
22 Usage Charge for CA \$/th		\$0.01004			\$0.00608		\$0	(\$0.00397)	-39.5%
23 Class Average Volumetric Rate (CA) \$/th		\$0.01808			\$0.01643		\$0	(\$0.00165)	-9.1%
24									
25 115% CA (for NonBypass Volumetric NV) \$/th		\$0.02026			\$0.01845		\$0	(\$0.00180)	-8.9%
26 135% CA (for Bypass Volumetric BV) \$/th		\$0.02316			\$0.02115		\$0	(\$0.00201)	-8.7%
27 <b>Other Adjustments :</b>									
28 Transportation Charge Adj. (TCA) for CSITMA exempt customr		(\$0.00244)			(\$0.00221)			\$0.00023	
29 California Air Resources Board (CARB) Fee Credit \$/th		(\$0.00110)			(\$0.00071)			\$0.00040	
30 <b>Total Transmission Level Service Includes CS</b>	3,295,536	\$0.01550	\$51,076	3,052,937	\$0.01430	\$43,645	(\$7,431)	(\$0.00120)	-7.8%
31									
32 <b>EG &amp; EOR Rate Including CARB, excluding CSITMA:</b>									
33 CARB Fee Adder		\$0.00110			\$0.00071			(\$0.00040)	
34 Reservation Service Option (RS):									
35 Daily Reservation rate \$/th/day		\$0.00597			\$0.00685		\$0	\$0.00088	14.7%
36 Usage Charge for RS \$/th		\$0.00760			\$0.00386		\$0	(\$0.00374)	-49.2%
37 Class Average Volumetric Rate (CA)									
38 Volumetric Rate \$/th		\$0.00803			\$0.01035		\$0	\$0.00232	28.8%
39 Usage Charge for CA \$/th		\$0.00760			\$0.00386		\$0	(\$0.00374)	-49.2%
40 Class Average Volumetric Rate (CA) \$/th		\$0.01564			\$0.01421		\$0	(\$0.00142)	-9.1%
41									
42 115% CA (for NonBypass Volumetric NV) \$/th		\$0.01782			\$0.01624		\$0	(\$0.00158)	-8.8%
43 135% CA (for Bypass Volumetric BV) \$/th		\$0.02072			\$0.01894		\$0	(\$0.00178)	-8.6%
44									
45 <b>Other Adjustments :</b>									
46 California Air Resources Board (CARB) Fee Credit \$/th		(\$0.00110)			(\$0.00071)			\$0.00040	-35.9%
47									
48 <b>Rate Excluding CSITMA, CARB Fee, &amp; Uncollectibles (applicable to Wholesale &amp; International):</b>									
49 Reservation Service Option (RS):									
50 Daily Reservation rate \$/th/day		\$0.00595			\$0.00683			\$0.00088	14.7%
51 Usage Charge for RS \$/th		\$0.00648			\$0.00315			(\$0.00333)	-51.4%
52 Class Average Volumetric Rate (CA)									
53 Volumetric Rate \$/th		\$0.00801			\$0.01032			\$0.00231	28.8%
54 Usage Charge for CA \$/th		\$0.00648			\$0.00315			(\$0.00333)	-51.4%
55 Class Average Volumetric Rate (CA) \$/th		\$0.01449			\$0.01347			(\$0.00102)	-7.1%
56									
57 115% CA (for NonBypass Volumetric NV) \$/th		\$0.01667			\$0.01549			(\$0.00118)	-7.1%
58 135% CA (for Bypass Volumetric BV) \$/th		\$0.01956			\$0.01818			(\$0.00138)	-7.1%
59 <b>Total Transmission Level Service (WS &amp; Int'l)</b>	317,990	\$0.01453	\$4,622	325,403	\$0.01350	\$4,392	(\$229)	(\$0.00104)	-7.1%
60									
61 <b>Average Transmission Level Service</b>	3,613,526	\$0.01541	\$55,698	3,378,340	\$0.01422	\$48,037	(\$7,661)	(\$0.00119)	-7.8%

**TABLE 8**  
**Backbone Transmission Service and Storage Rates**  
**Southern California Gas Company**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	<b>Present Rates</b>			<b>Proposed Rates</b>			<b>Changes</b>		
	Jan-1-15	Average	Jan-1-15	Jan-1-17		Jan-1-17	Revenue	Rate	% Rate
	Volumes	Rate	BCAP Vols	Volumes	Rate	Revenue	Change	Change	change
	Mth	\$/th	\$000's	Mth, Mdth	\$/th	\$000's	\$000's	\$/th	%
	A	B	C	D	E	F	G	H	I
1 <b><u>Backbone Transmission Service BTS</u></b>									
2 BTS SFV Reservation Charge \$/dth/day	2,809	\$0.15777	\$161,782	2,818	\$0.21578	\$221,908	\$60,125	\$0.05800	36.8%
3 BTS MFV Reservation Charge \$/dth/day		\$0.12622			\$0.17262				
4 BTS MFV Volumetric Charge \$/dth		\$0.03155			\$0.04316				
5 BTS Interruptible Volumetric Charge \$/dth		\$0.15777			\$0.21578			\$0.05800	36.8%
6									
7									
8 <b><u>Storage Rates: (incl. HRSMA)</u></b>									
9 Core \$000			\$52,836			\$65,731	\$12,895		
10 Load Balancing \$000			\$10,260			\$27,834	\$17,575		
11 Unbundled Storage \$000			\$26,476			\$17,020	(\$9,456)		
12			\$89,571			\$110,585	\$21,014		

See footnotes Table 1

- 1) CSITMA - NCCI and EG TLS Tariff rates include CSITMA. Customers exempt (Constitutional Exempt and EG) receive Transportation Charge Adjustment TCA.
- 2) CARB - TLS NCCI, EOR and EG Tariff rates include CSITMA. TLS NCCI, EOR and EG customers exempt as they pay CARB fees directly receive credit.
- 3) Wholesale Customers exclude CSITMA and CARB since these customers are exempt.

**TABLE 1**  
**Natural Gas Transportation Rate Revenues**  
**San Diego Gas & Electric**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	At Present Rates			At Proposed Rates			Changes		
	Jan-1-15 Volumes mtherms A	Average Rate \$/therm B	Jan-1-15 Revenues \$000's C	Jan-1-17 Volumes mtherms D	Average Rate \$/therm E	Jan-1-17 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>CORE</b>									
Residential	321,869	\$0.92062	\$296,319	319,982	\$0.72265	\$231,235	(\$65,084)	(\$0.19797)	-21.5%
Commercial & Industrial	177,578	\$0.34893	\$61,962	182,660	\$0.15567	\$28,435	(\$33,527)	(\$0.19326)	-55.4%
NGV - Pre SempraWide	11,417	\$0.24253	\$2,769	18,501	\$0.08327	\$1,541	(\$1,228)	(\$0.15926)	-65.7%
SempraWide Adjustment	11,417	(\$0.08949)	(\$1,022)	18,501	\$0.04150	\$768	\$1,789	\$0.13098	-146.4%
NGV Post SempraWide	11,417	\$0.15304	\$1,747	18,501	\$0.12476	\$2,308	\$561	(\$0.02828)	-18.5%
Total CORE	510,864	\$0.70474	\$360,028	521,144	\$0.50270	\$261,979	(\$98,050)	(\$0.20204)	-28.7%
<b>NONCORE COMMERCIAL &amp; INDUSTRIAL</b>									
Distribution Level Service	25,161	\$0.05420	\$1,364	27,807	\$0.02421	\$673	(\$690)	(\$0.02999)	-55.3%
Transmission Level Service (2)	13,582	\$0.01901	\$258	17,168	\$0.01457	\$250	(\$8)	(\$0.00444)	-23.4%
Total Noncore C&I	38,743	\$0.04186	\$1,622	44,975	\$0.02053	\$923	(\$699)	(\$0.02133)	-51.0%
<b>NONCORE ELECTRIC GENERATION</b>									
Distribution Level Service									
Pre Sempra Wide	103,761	\$0.01729	\$1,794	95,807	\$0.00123	\$118	(\$1,676)	(\$0.01606)	-92.9%
Sempra Wide Adjustment	103,761	\$0.02947	\$3,058	95,807	\$0.04364	\$4,181	\$1,124	\$0.01418	48.1%
Distribution Level post SW	103,761	\$0.04676	\$4,852	95,807	\$0.04487	\$4,299	(\$552)	(\$0.00188)	-4.0%
Transmission Level Service (2)	577,118	\$0.01461	\$8,431	574,075	\$0.01349	\$7,744	(\$686)	(\$0.00112)	-7.7%
Total Electric Generation	680,879	\$0.01951	\$13,283	669,882	\$0.01798	\$12,044	(\$1,239)	(\$0.00153)	-7.8%
<b>TOTAL NONCORE</b>	719,622	\$0.02071	\$14,904	714,857	\$0.01814	\$12,967	(\$1,937)	(\$0.00257)	-12.4%
<b>SYSTEM TOTAL</b>	1,230,486	\$0.30470	\$374,933	1,236,000	\$0.22245	\$274,946	(\$99,987)	(\$0.08226)	-27.0%

1) These rates are for Natural Gas Transportation Service from "Citygate to Meter". The BTS rate is for service from Receipt Point to Citygate.

BTS is a SoCalGas tariff and service is purchased from SoCalGas.

2) Average transmission level service rate is shown here, see Rate Table 6 for detail list of TLS rates.

3) All rates include Franchise Fees & Uncollectible charges

**TABLE 2**  
**Core Gas Transportation Rates**  
**San Diego Gas & Electric**  
**January, 2015 Rates**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	At Present Rates			At Proposed Rates			Changes		
	Jan-1-15 Volumes mtherms A	Average Rate \$/therm B	Jan-1-15 Revenues \$000's C	Jan-1-17 Volumes mtherms D	Average Rate \$/therm E	Jan-1-17 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>RESIDENTIAL RATES Schedule GR,GM</b>									
<b>Rates Excluding CSITMA &amp; CAT</b>									
Customer Charge \$/month	848,086	\$0.00	\$0	884,624	\$0.00	\$0	\$0	\$0.00	
Baseline \$/therm	217,220	\$0.86716	\$188,364	215,947	\$0.68366	\$147,635	(\$40,729)	(\$0.18349)	-21.2%
Non-Baseline \$/therm	104,649	\$1.05344	\$110,241	104,035	\$0.84019	\$87,409	(\$22,832)	(\$0.21325)	-20.2%
Average Rate \$/therm	321,869	\$0.92772	\$298,605	319,982	\$0.73455	\$235,044	(\$63,561)	(\$0.19317)	-20.8%
NBL/BL Ratio									
NBL/BL rate ratio		1.14			1.14				
NBL- BL rate difference \$/th					\$0.15652				
<b>Rates Including CSITMA, Excluding CAT</b>									
CSITMA Adder to Volumetric Rate	256,575	\$0.00407	\$1,045	258,048	\$0.00112	\$288	(\$758)	(\$0.00296)	-72.6%
Baseline \$/therm		\$0.87123			\$0.68478			(\$0.18645)	-21.4%
Non-Baseline \$/therm		\$1.05751			\$0.84130			(\$0.21621)	-20.4%
Average NonCARE Rate \$/therm		\$0.93180			\$0.73567			(\$0.19613)	-21.0%
<b>Sub Meter Credit Schedule GS,GT</b>									
GS Unit Discount \$/day	6,004	(\$0.29392)	(\$644)	5,870	(\$0.38268)	(\$820)	(\$176)	(\$0.08877)	30.2%
GT Unit Discount \$/day	27,745	(\$0.36460)	(\$3,692)	27,189	(\$0.40932)	(\$4,062)	(\$370)	(\$0.04471)	12.3%
<b>Schedule GL-1</b>									
LNG Facility Charge, domestic use \$/month	289	\$14.79	\$51	321	\$14.79	\$57		\$0.00000	0.0%
LNG Facility Charge, non-domestic \$/mth/mbtu		\$0.05480			\$0.05480			\$0.00000	0.0%
LNG Volumetric Surcharge \$/th	100	\$0.16571	\$16	74	\$0.16571	\$12		\$0.00000	0.0%
<b>Volumetric Rates Including CSITMA &amp; CAT</b>			\$68			\$69			
CAT Adder to Volumetric Rate	247	\$0.00000	\$0	2,764	\$0.00000	\$0	\$0	\$0.00000	
Baseline \$/therm		\$0.87123			\$0.68478			(\$0.18645)	-21.4%
Non-Baseline \$/therm		\$1.05751			\$0.84130			(\$0.21621)	-20.4%
Average Rate \$/therm		\$0.93180			\$0.73567			(\$0.19613)	-21.0%
<b>Other Adjustments :</b>									
Employee Discount			(\$412)			(\$349)	\$63		
SDDFD			\$1,349			\$1,064	(\$285)		
Credit for CSITMA Exempt Cutomers:		(\$0.00407)			(\$0.00112)			\$0.00296	-72.6%
<b>Total Residential</b>	<b>321,869</b>	<b>\$0.92062</b>	<b>\$296,319</b>	<b>319,982</b>	<b>\$0.72265</b>	<b>\$231,235</b>	<b>(\$65,084)</b>	<b>(\$0.19797)</b>	<b>-21.5%</b>

See footnotes Table 1

**TABLE 3**  
**Natural Gas Transportation Rate Revenues**  
**San Diego Gas & Electric**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	At Present Rates			At Proposed Rates			Changes		
	Jan-1-15 Volumes mtherms A	Average Rate \$/therm B	Jan-1-15 Revenues \$000's C	Jan-1-17 Volumes mtherms D	Average Rate \$/therm E	Jan-1-17 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>Other Core Rates \$/therm</b>									
Schedule GPC - Procurement Price		\$0.42840			\$0.40492			(\$0.02348)	-5.5%
<b>CORE COMMERCIAL &amp; INDUSTRIAL RATES Schedule GN-3</b>									
Customer Charge \$/month	29,865	\$10.00	\$3,584	30,265	\$10.00	\$3,632	\$48	\$0.00000	0.0%
<b>Rates Excluding CSITMA &amp; CAT</b>									
Tier 1 = 0 to 1,000 therms/month	79,475	\$0.41947	\$33,337	82,658	\$0.20145	\$16,652	(\$16,685)	(\$0.21801)	-52.0%
Tier 2 = 1,001 to 21,000 therms/month	82,322	\$0.25230	\$20,770	84,219	\$0.08318	\$7,005	(\$13,764)	(\$0.16911)	-67.0%
Tier 3 = over 21,000 therms/month	15,781	\$0.20507	\$3,236	15,783	\$0.04977	\$786	(\$2,451)	(\$0.15530)	-75.7%
<b>Rates Including CSITMA, Excluding CAT</b>									
CSITMA Adder to Volumetric Rate	169,353	\$0.00407	\$690	182,649	\$0.00112	\$204	(\$486)	(\$0.00296)	-72.6%
Tier 1 = 0 to 1,000 therms/month		\$0.42354			\$0.20257			(\$0.22097)	-52.2%
Tier 2 = 1,001 to 21,000 therms/month		\$0.25637			\$0.08430			(\$0.17207)	-67.1%
Tier 3 = over 21,000 therms/month		\$0.20915			\$0.05089			(\$0.15826)	-75.7%
<b>Rates Including CSITMA &amp; CAT</b>									
CAT Adder to Volumetric Rate	23,606	\$0.00000	\$0	35,463	\$0.00000	\$0	\$0	\$0.00000	
Tier 1 = 0 to 1,000 therms/month		\$0.42354			\$0.20257			(\$0.22097)	-52.2%
Tier 2 = 1,001 to 21,000 therms/month		\$0.25637			\$0.08430			(\$0.17207)	-67.1%
Tier 3 = over 21,000 therms/month		\$0.20915			\$0.05089			(\$0.15826)	-75.7%
<b>Other Adjustments :</b>									
Adjustment for SDFFD			\$346			\$157	(\$188)		
Credit for CSITMA Exempt Customers:		(\$0.00407)			(\$0.00112)			\$0.00296	-72.6%
<b>Total Core C&amp;I</b>	<b>177,578</b>	<b>\$0.34893</b>	<b>\$61,962</b>	<b>182,660</b>	<b>\$0.15567</b>	<b>\$28,435</b>	<b>(\$33,527)</b>	<b>(\$0.19326)</b>	<b>-55.4%</b>

1) CSITMA - Tariff rate includes CSITMA, exempt customers (including CARE participants and Constitutionally Exempt) receive Credit for CSITMA.

CARE participants receive 20% CARE discount (Tariff rate less Credit for CSITMA Exempt Customers)\*20%

See footnotes Table 1

**TABLE 4**  
**Other Core Gas Transportation Rates**  
**San Diego Gas & Electric**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	At Present Rates			At Proposed Rates			Changes		
	Jan-1-15 Volumes mtherms A	Average Rate \$/therm B	Jan-1-15 Revenues \$000's C	Jan-1-17 Volumes mtherms D	Average Rate \$/therm E	Jan-1-17 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
<b>NATURAL GAS VEHICLE RATES G-NGV &amp; G</b>	Sempra-Wide NGV Rates			Sempra-Wide NGV Rates					
Customer Charge									
P1 \$/month	24	\$13.00	\$4	28	\$13.00	\$4	\$1	\$0.00	0.0%
P2A \$/month	10	\$65.00	\$8	10	\$65.00	\$8	\$0	\$0.00	0.0%
<b>Uncompressed Rate Excl CSITMA &amp; CAT \$/th</b>	11,417	\$0.12819	\$1,464	18,501	\$0.08147	\$1,507	\$44	(\$0.04672)	-36.4%
<b>Compressor Adder \$/therm Excludes CSITMA &amp;</b>	209	\$1.05591	\$220	744	\$1.03712	\$772	\$552	(\$0.01879)	-1.8%
Combined transport & compressor adder \$/th		\$1.18410			\$1.11859			(\$0.06551)	-5.5%
<b>Volumetric Rates Includes CSITMA, Excludes CAT</b>									
CSITMA Adder to Volumetric Rate	11,399	\$0.00407	\$46	11,409	\$0.00112	\$13	(\$34)	(\$0.00296)	-72.6%
<b>Uncompressed Rate \$/therm</b>		\$0.13227			\$0.08259			(\$0.04968)	-37.6%
Combined transport & compressor adder \$/th		\$1.18818			\$1.11971			(\$0.06847)	-5.8%
<b>Volumetric Rates Includes CSITMA &amp; CAT</b>									
CAT Adder to Volumetric Rate		\$0.00000			\$0.00000				
<b>Uncompressed Rate \$/therm</b>		\$0.13227			\$0.08259		\$0	(\$0.04968)	-37.6%
Combined transport & compressor adder \$/th		\$1.18818			\$1.11971			(\$0.06847)	-5.8%
<b>Other Adjustments :</b>									
Adjustment for SDDFD 0.491%			\$6			\$4	(\$2)		
Credit for CSITMA Exempt Cutomers \$/th		(\$0.00407)			(\$0.00112)			\$0.00296	-72.6%
<b>Total NGV</b>	<b>11,417</b>	<b>\$0.15304</b>	<b>\$1,747</b>	<b>18,501</b>	<b>\$0.12476</b>	<b>\$2,308</b>	<b>\$561</b>	<b>(\$0.02828)</b>	<b>-18.5%</b>
<b>RESIDENTIAL NATURAL GAS VEHICLES (optional rate)</b>									
Customer Charge	848	\$5.00	\$51	885	\$5.00	\$53	\$2	\$0.00	0.0%
<b>Uncompressed Rate w/o CSITMA &amp; CAT \$/th</b>	929	\$0.28739	\$267	969	\$0.20789	\$201	(\$66)	(\$0.07950)	-27.7%
	929	\$0.34215	\$318	969	\$0.26265	\$255	(\$63)	(\$0.07950)	-23.2%
<b>Volumetric Rates Including CSITMA , Excluding CAT</b>									
CSITMA Adder to Volumetric Rate		\$0.00407			\$0.00112			(\$0.00296)	-72.6%
<b>Uncompressed Rate \$/therm</b>		\$0.29146			\$0.20900			(\$0.08246)	-28.3%
<b>Volumetric Rates Includes CSITMA &amp; CAT</b>									
CAT Adder to Volumetric Rate	0	\$0.00000	\$0	0	\$0.00000	\$0	\$0	\$0.00000	
<b>Uncompressed Rate \$/therm</b>		\$0.29146			\$0.20900		\$0	(\$0.08246)	-28.3%
<b>Other Adjustments :</b>									
Adjustment for SDDFD			\$0			\$0	\$0		
Credit for CSITMA Exempt Cutomers \$/th		(\$0.00407)			(\$0.00112)			\$0.00296	-72.6%
<b>Total Res NGV</b>	<b>929</b>	<b>\$0.34215</b>	<b>\$318</b>	<b>969</b>	<b>\$0.26265</b>	<b>\$255</b>	<b>(\$63)</b>	<b>(\$0.07950)</b>	<b>-23.2%</b>

1) CSITMA - Tariff rate includes CSITMA, exempt customers (including CARE participants and Constitutionally Exempt) receive Credit for CSITMA.



**TABLE 5**  
**NonCore Gas Transportation Rates**  
**San Diego Gas & Electric**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

			<b>At Present Rates</b>			<b>At Proposed Rates</b>			<b>Changes</b>		
			Jan-1-15 Volumes mtherms A	Average Rate \$/therm B	Jan-1-15 Revenues \$000's C	Jan-1-17 Volumes mtherms D	Average Rate \$/therm E	Jan-1-17 Revenues \$000's F	Revenues \$000's G	Rates \$/therm H	Rate change % I
1	<b>NonCore Commercial &amp; Industrial Distribution Level</b>										
2	Customer Charges \$/month		54	\$350.00	\$228	42	\$350.00	\$177	(\$51)	\$0.00	0.0%
3											
4	<b>Volumetric Charges Incl CARB Fee, Excl CSITMA</b>		25,161	\$0.04161	\$1,047	27,807	\$0.01683	\$468	(\$579)	(\$0.02478)	-59.6%
5	CSITMA Adder to Volumetric Rate		21,818	\$0.00407	\$89	25,154	\$0.00112	\$28	(\$61)	(\$0.00296)	-72.6%
6											
7	<b>Volumetric Charges Incl CARB Fee, Incl CSITMA</b>										
8	Volumetric Rates \$/therm			\$0.04568			\$0.01794			(\$0.02773)	-60.7%
9											
10	<b>Other Adjustments :</b>										
11	SDFFD 0.727%										
12	Credit for CSITMA Exempt Customers \$/th			(\$0.00407)			(\$0.00112)			\$0.00296	-72.6%
13	Credit for CARB Fee Exempt Customers \$/th			(\$0.00041)			\$0.00004				
14	<b>NCCI-Distribution Total</b>		<b>25,161</b>	<b>\$0.05420</b>	<b>\$1,364</b>	<b>27,807</b>	<b>\$0.02421</b>	<b>\$673</b>	<b>(\$690)</b>	<b>(\$0.02999)</b>	<b>-55.3%</b>
15											
16	<b>NCCI-Transmission Total (1)</b>		<b>13,582</b>	<b>\$0.01901</b>	<b>\$258</b>	<b>17,168</b>	<b>\$0.01457</b>	<b>\$250</b>	<b>(\$8)</b>	<b>(\$0.00444)</b>	<b>-23.4%</b>
17											
18	<b>Total NonCore C&amp;I</b>		<b>38,743</b>	<b>\$0.04186</b>	<b>\$1,622</b>	<b>44,975</b>	<b>\$0.02053</b>	<b>\$923</b>	<b>(\$699)</b>	<b>(\$0.02133)</b>	<b>-51.0%</b>
19											
20	<b>ELECTRIC GENERATION</b>										
21											
22	<b>Small EG Distribution Level Service (a Sempra-Wide rate) Excludes CARB Fee &amp; CSITMA</b>										
23	Customer Charge, \$/month		40	\$50.00	\$24	46	\$50.00	\$28	\$4	\$0.00	0.0%
24	Volumetric Rate \$/therm		16,347	\$0.10438	\$1,706	19,210	\$0.09712	\$1,866	\$159	(\$0.01)	-7.0%
25	Small EG Distribution Level Service		16,347	\$0.10584	\$1,730	19,210	\$0.09857	\$1,893	\$163	(\$0.00728)	-6.9%
26	<b>Large EG Distribution Level Service (a Sempra-Wide rate) Excludes CARB Fee, CSITMA</b>										
27	Customer Charge, \$/month			\$0.00			\$0.00			\$0.00	
28	Volumetric Rate (Incl ITCS) \$/th		87,414	\$0.03526	\$3,082	76,596	\$0.03146	\$2,409	(\$673)	(\$0.00)	-10.8%
29											
30	EG Distribution excl CARB Fee, CSITMA		103,761	\$0.04638	\$4,812	95,807	\$0.04491	\$4,303	(\$510)	(\$0.00)	-3.2%
31											
32	<b>Volumetric Rates Including CARB Fee, Excluding CSITMA:</b>										
33	Carb Fee Cost Adder - Small		14,770	\$0.00041	\$6	17,633	(\$0.00004)	(\$1)	(\$7)	(\$0.00045)	
34	CARB Fee Cost Adder - Large		81,853	\$0.00041	\$33	71,035	(\$0.00004)	(\$3)			
35	EG-Distribution Tier 1 Incl CARB fee, Excl CSITMA <sup>1</sup>			\$0.10478			\$0.09708			(\$0.00770)	-7.4%
36	EG-Distribution Tier 2 Incl CARB Fee, Excl CSITMA <sup>2</sup>			\$0.03567			\$0.03141			(\$0.00425)	-11.9%
37	Total - EG Distribution Level		103,761	\$0.04676	\$4,852	95,807	\$0.04487	\$4,299	(\$552)	(\$0.00188)	-4.0%
38	Credit for CARB Fee Exempt Customers \$/th			(\$0.00041)			\$0.00004				
39											
40	EG Transmission Level Service Excl CARB fee &		471,084	\$0.01453	\$6,847	471,084	\$0.01350	\$6,359			
41	EG Transmission Level Service Incl CARB Fee		106,034	\$0.01494	\$1,584	102,991	\$0.01346	\$1,386	(\$198)	(\$0.00)	-9.9%
42	EG Transmission Level Service - Average (1)		577,118	\$0.01461	\$8,431	574,075	\$0.01349	\$7,744			
43											
44	<b>TOTAL ELECTRIC GENERATION</b>		<b>680,879</b>	<b>\$0.01951</b>	<b>\$13,283</b>	<b>669,882</b>	<b>\$0.01798</b>	<b>\$12,044</b>	<b>(\$1,239)</b>	<b>(\$0.00153)</b>	<b>-7.8%</b>

1) CSITMA - Tariff rate includes CSITMA, exempt customers (including CARE participants and Constitutionally Exempt) receive Credit for CSITMA.

Schedule EG Tariff Rate excludes CSITMA, since EG customers are exempt.

2) EFMA - GTNC and EG Tariff rates includes EFMA. Those EG and GTNC customers that are exempt will receive EFMA credit.

See footnotes Table 1

**TABLE 6**  
**Transmission Level Service Gas Transportation Rates**  
**San Diego Gas & Electric**  
**2016 TCAP Phase II Application**

2016 TCAP Phase II Settlement Agreement Illustrative Rates

	At Present Rates			At Proposed Rates			Changes		
	Jan-1-15	Average	Jan-1-15	Jan-1-17	Average	Jan-1-17	Revenues	Rates	Rate
	Volumes	Rate	Revenues	Volumes	Rate	Revenues	Revenues	Rates	change
	mtherms	\$/therm	\$000's	mtherms	\$/therm	\$000's	\$000's	\$/therm	%
	A	B	C	D	E	F	G	H	I
<b>Transmission Level Service Rate Excluding CSITMA &amp; CARB Fee</b>									
Reservation Service Option (RS):									
Daily Reservation rate \$/th/day		\$0.00600			\$0.00688		\$0	\$0.00088	14.7%
Usage Charge for RS \$/th		\$0.00653			\$0.00317		\$0	(\$0.00336)	-51.4%
Class Average Volumetric Rate (CA)									
Volumetric Rate \$/th		\$0.00808			\$0.01041		\$0	\$0.00233	28.8%
Usage Charge for CA \$/th		\$0.00653			\$0.00317		\$0	(\$0.00336)	-51.4%
Class Average Volumetric Rate CA \$/th		\$0.01461			\$0.01358		\$0	(\$0.00103)	-7.1%
115% CA (for NonBypass Volumetric NV) \$/th		\$0.01681			\$0.01562		\$0	(\$0.00119)	-7.1%
135% CA (for Bypass Volumetric BV) \$/th		\$0.01973			\$0.01833		\$0	(\$0.00139)	-7.1%
Average Transmission Level Service	590,700	\$0.01453	\$8,585	591,243	\$0.01350	\$7,980	(\$605)	(\$0.00104)	-7.1%
<b>C&amp;I Rate Including CSITMA &amp; CARB Fee</b>									
CSITMA Adder to Usage Rate \$/th	13,582	\$0.00407	\$55	17,168	\$0.00112	\$19	(\$36)	(\$0.00296)	-72.6%
EFMA Cost Adder	119,616	\$0.00041	\$49	120,159	(\$0.00004)	(\$5)		(\$0.00045)	
Reservation Service Option (RS):									
Daily Reservation rate \$/th/day		\$0.00600			\$0.00688		\$0	\$0.00088	14.7%
Usage Charge for RS \$/th		\$0.01101			\$0.00425		\$0	(\$0.00677)	-61.4%
Class Average Volumetric Rate (CA)									
Volumetric Rate \$/th		\$0.00808			\$0.01041		\$0	\$0.00233	28.8%
Usage Charge for CA \$/th		\$0.01101			\$0.00425		\$0	(\$0.00677)	-61.4%
Class Average Volumetric Rate CA \$/th		\$0.01909			\$0.01466		\$0	(\$0.00444)	-23.2%
115% CA (for NonBypass Volumetric NV) \$/th		\$0.02129			\$0.01669		\$0	(\$0.00459)	-21.6%
135% CA (for Bypass Volumetric BV) \$/th		\$0.02421			\$0.01941		\$0	(\$0.00480)	-19.8%
<b>Other Adjustments:</b>									
Credit for CSITMA Exempt Customers \$/th		(\$0.00407)			(\$0.00112)			\$0.00296	-72.6%
CARB Fee Credit for Exempt Customers \$/th		(\$0.00041)			\$0.00004			\$0.00045	-110.1%
<b>EG Rate Including CARB Fee, excluding CSITMA:</b>									
CARB Fee Cost Adder		\$0.00041			(\$0.00004)			(\$0.00045)	
Reservation Service Option (RS):									
Daily Reservation rate \$/th/day		\$0.00600			\$0.00688		\$0	\$0.00088	14.7%
Usage Charge for RS \$/th		\$0.00694			\$0.00313		\$0	(\$0.00381)	-54.9%
Class Average Volumetric Rate (CA)									
Volumetric Rate \$/th		\$0.00808			\$0.01041		\$0	\$0.00233	28.8%
Usage Charge for CA \$/th		\$0.00694			\$0.00313		\$0	(\$0.00381)	-54.9%
Class Average Volumetric Rate CA \$/th		\$0.01502			\$0.01354		\$0	(\$0.00148)	-9.8%
115% CA (for NonBypass Volumetric NV) \$/th		\$0.01721			\$0.01558		\$0	(\$0.00163)	-9.5%
135% CA (for Bypass Volumetric BV) \$/th		\$0.02013			\$0.01829		\$0	(\$0.00184)	-9.1%
<b>Other Adjustments:</b>									
CARB Fee Credit for Exempt Customers \$/th		(\$0.00041)			\$0.00004			\$0.00045	-110.1%
Average Transmission Level Service	590,700	\$0.01471	\$8,689	591,243	\$0.01352	\$7,995	(\$694)	(\$0.00119)	-8.1%

See footnotes Table 1

**APPENDIX D**  
**SoCalGas/SDG&E Demand Forecast (Mdth)**

	<b>SOCALGAS</b>	<b>3-Year Average 2017-2019</b>
<b>Core</b>		
	Residential	243,516
	Core C&I	102,319
	Gas AC	77
	Gas Engine	2,070
	NGV	15,710
	<b>Total Core</b>	<b>363,691</b>
<b>Noncore</b>		
	Noncore C&I	152,534
	Electric Generation	267,779
	EOR	23,157
	<b>Total Retail Noncore</b>	<b>443,470</b>
<b>Wholesale and International</b>		
	Long Beach	7,352
	SDG&E	125,156
	Southwest Gas	6,537
	Vernon	9,514
	Mexicali	9,138
	<b>Total Wholesale and International</b>	<b>157,696</b>
<b>Average Year Throughput</b>		<b>964,857</b>
	<b>SDG&amp;E</b>	<b>3-Year Average 2017-2019</b>
<b>Core</b>		
	Residential	31,998
	Core C&I	18,266
	NGV	1,850
	<b>Total Core</b>	<b>52,114</b>
<b>Noncore</b>		
	Noncore C&I	4,498
	Electric Generation	66,988
	<b>Total Retail Noncore</b>	<b>71,486</b>
<b>Average Year Throughput</b>		<b>123,600</b>